

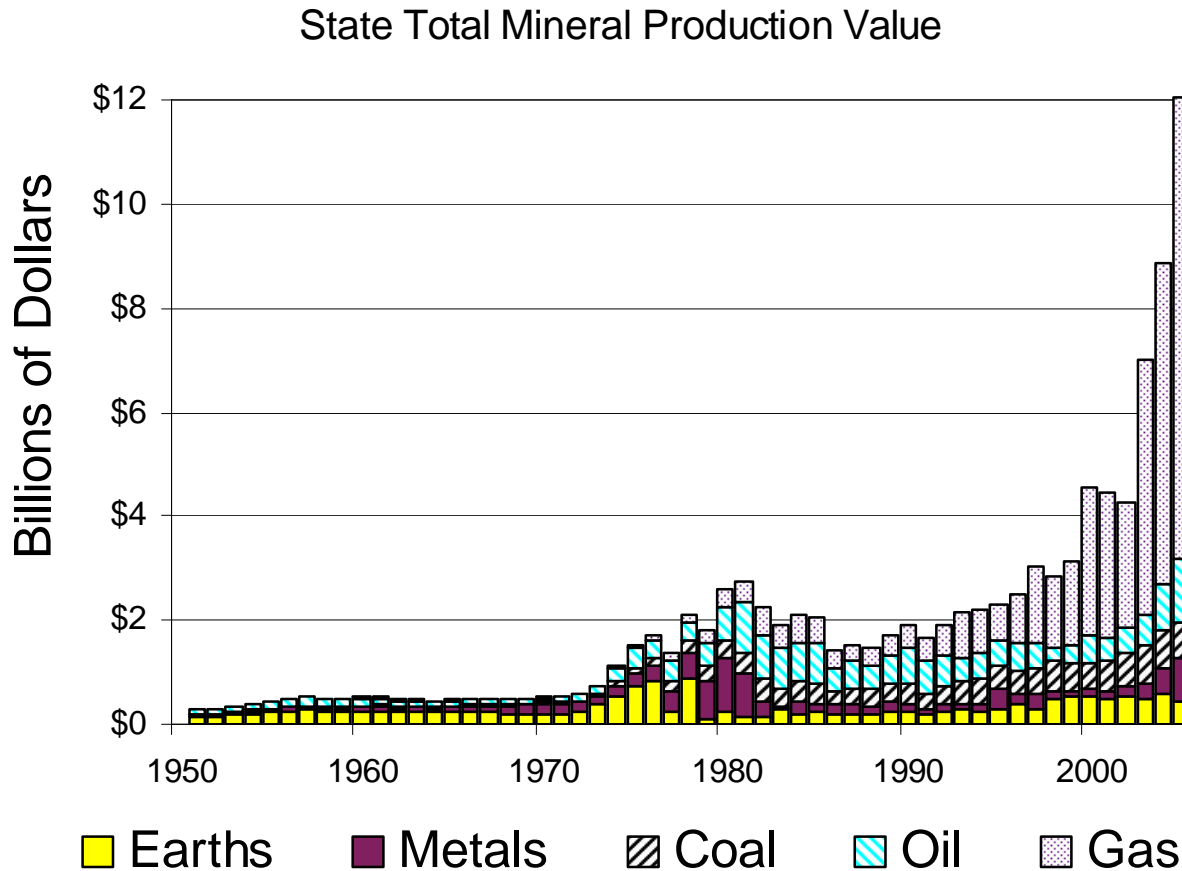
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Mineral Revenues to the Public Sector in Colorado.

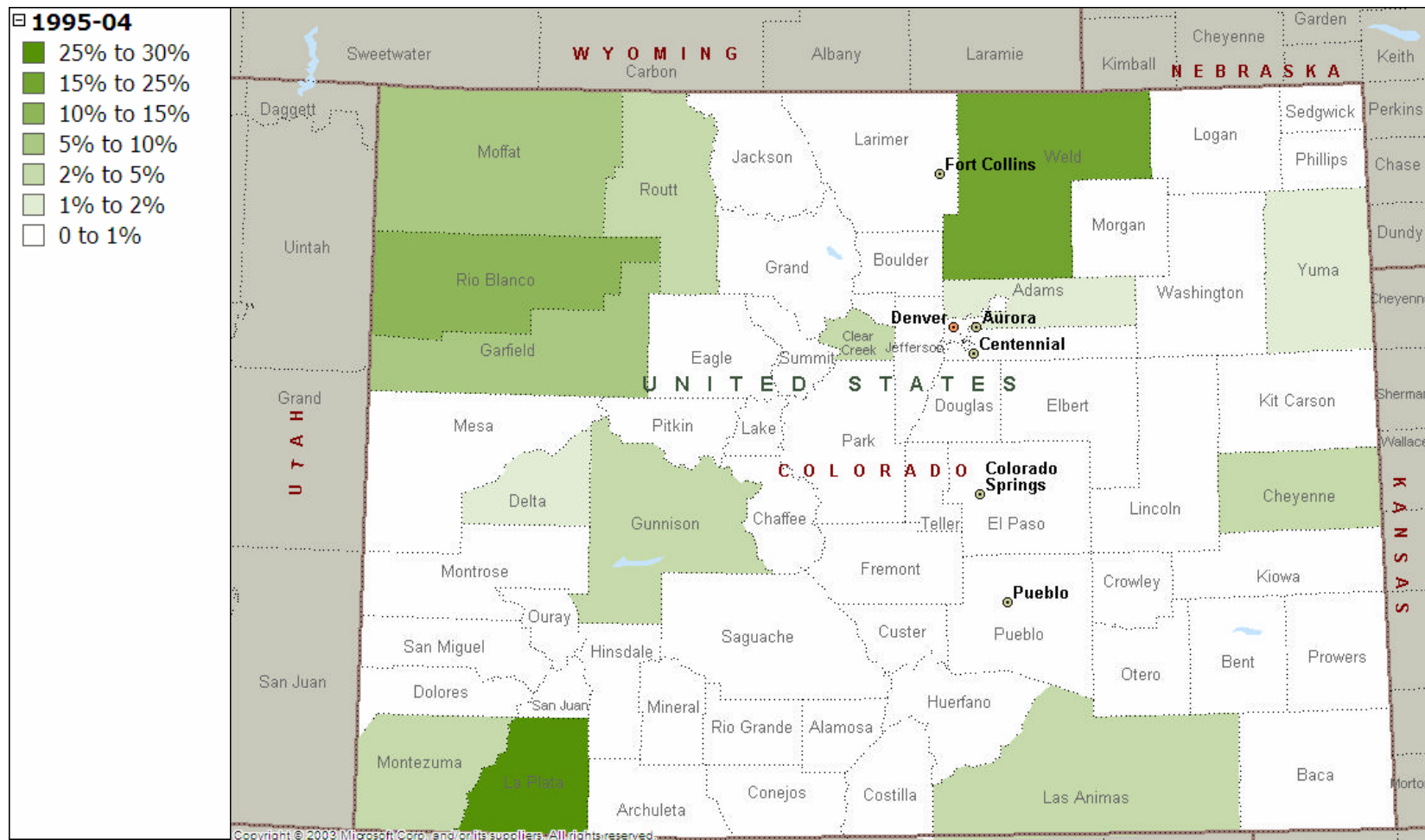
A sequential slide show on the history of mineral production in the state and the public revenues that have resulted.

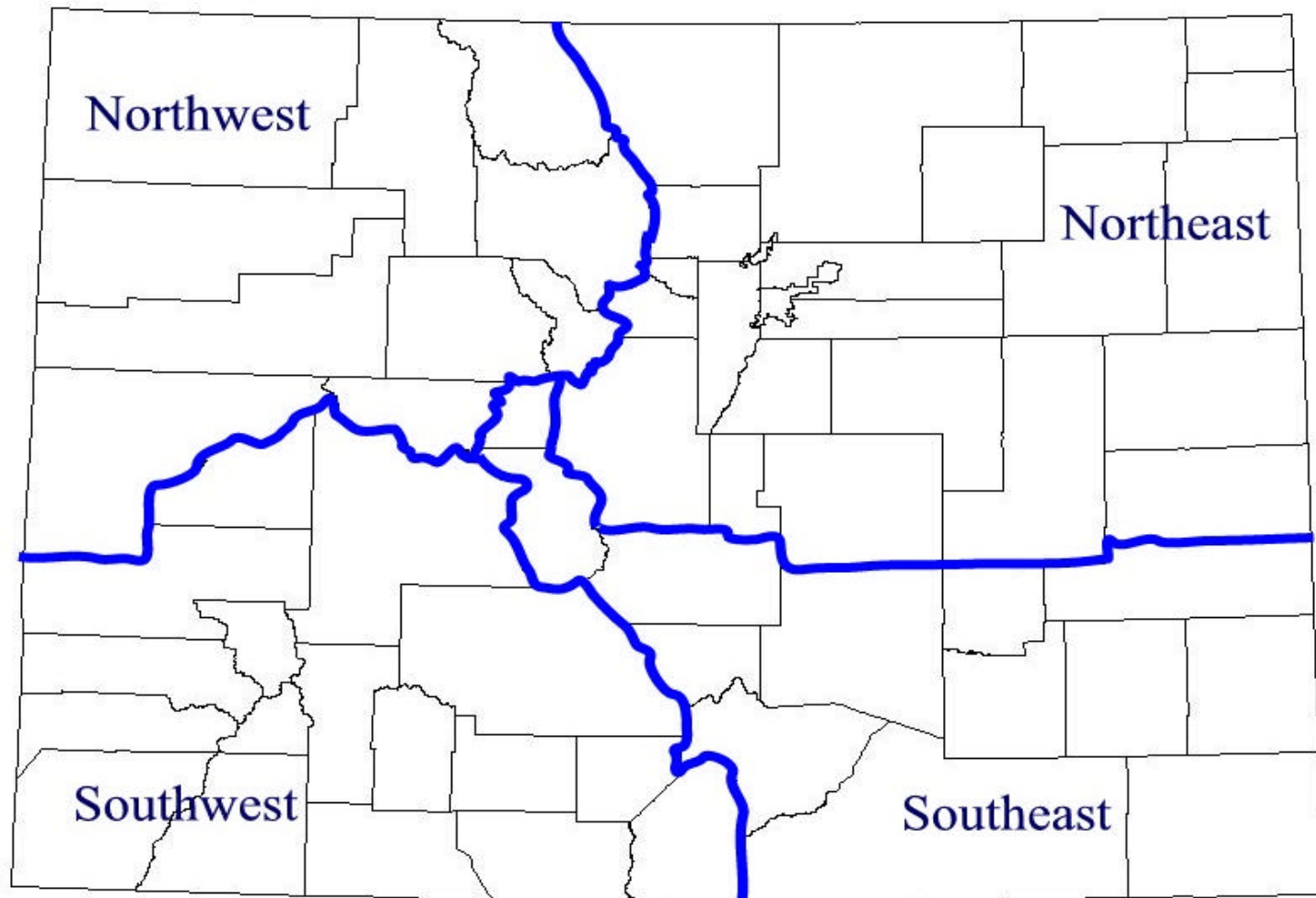
1. Colorado has a long history of mineral production.
2. Mineral production occurs throughout the state.
3. State Quadrant Map
4. Mineral Value by Quad
5. In the 1990's the NW has been declining while the SW has been increasing.
6. Colorado mineral production is an increasing share of national mineral production.
7. Oil production has been in steady decline for 20 years.
8. Most oil production is in the northern half of the state.
9. Gas production has risen dramatically.
10. Gas production is dominated by the booming SW quad.
11. Oil and gas prices have cycled widely.
12. Carbon Dioxide production is significant.
13. CO2 production is concentrated in two counties.
14. Coal production has shown strong growth for ten years
15. Coal production is dominated by the NW quad.
16. Underground coal production has become the dominant method
17. Metals production has come and gone.
18. Of the metals, Molybdenum has long running production.
19. Property tax leads in public revenue from mineral production
20. Most mineral based property tax is from oil and gas
21. Mineral based property tax revenue is received in the counties where production occurs
22. Mineral property tax is a big share in some counties
23. The Eastern Slope has higher property tax mill rates
24. The oil and gas severance tax is based on value of production
25. Severance tax revenue to the state from oil and gas
26. There have been wide variations year-to-year
27. The coal severance tax is based on tonnage
28. Coal has been a steady severance tax revenue source
29. Molybdenum severance tax is on a cents per ton basis
30. Other Metals pay a bit of severance tax to the state
31. Total severance tax revenue to the state has swung widely
32. Half of severance revenue has gone to local governments
33. The other half of severance revenue has gone to various state programs.
34. Actual spending from severance tax funds
35. Federal mineral lease revenues to the state have been fairly steady
36. Federal mineral lease revenues come mostly from oil, gas and coal
37. Most federal lands are on the West Slope
38. Federal mineral lease revenues are distributed in a complex "cascade" formula
39. The federal mineral lease distribution cascade formula
40. The majority of federal mineral lease revenue goes to the state school fund

**Colorado has a long and significant history of industrial mineral production.
In the last decade the majority of production value has been in the mineral fuels: oil,
gas and coal.**



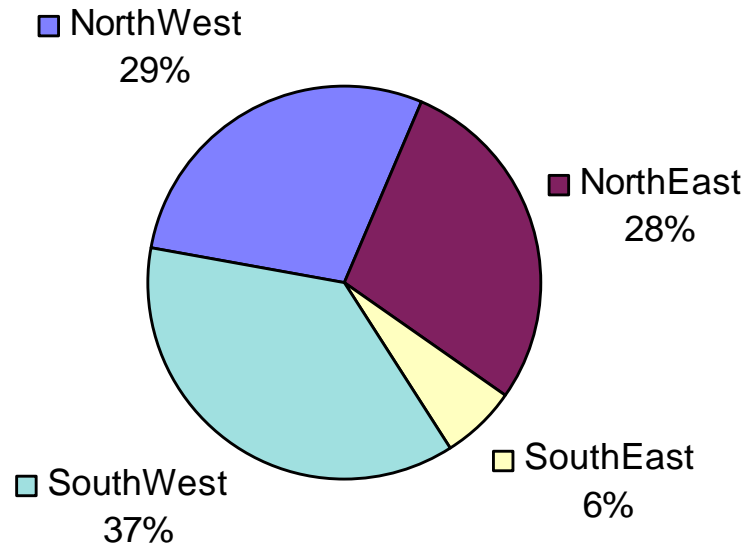
Mineral production occurs through the state.
Percent of Statewide mineral production value for the last 10 years is
dominated by Natural Gas production value.





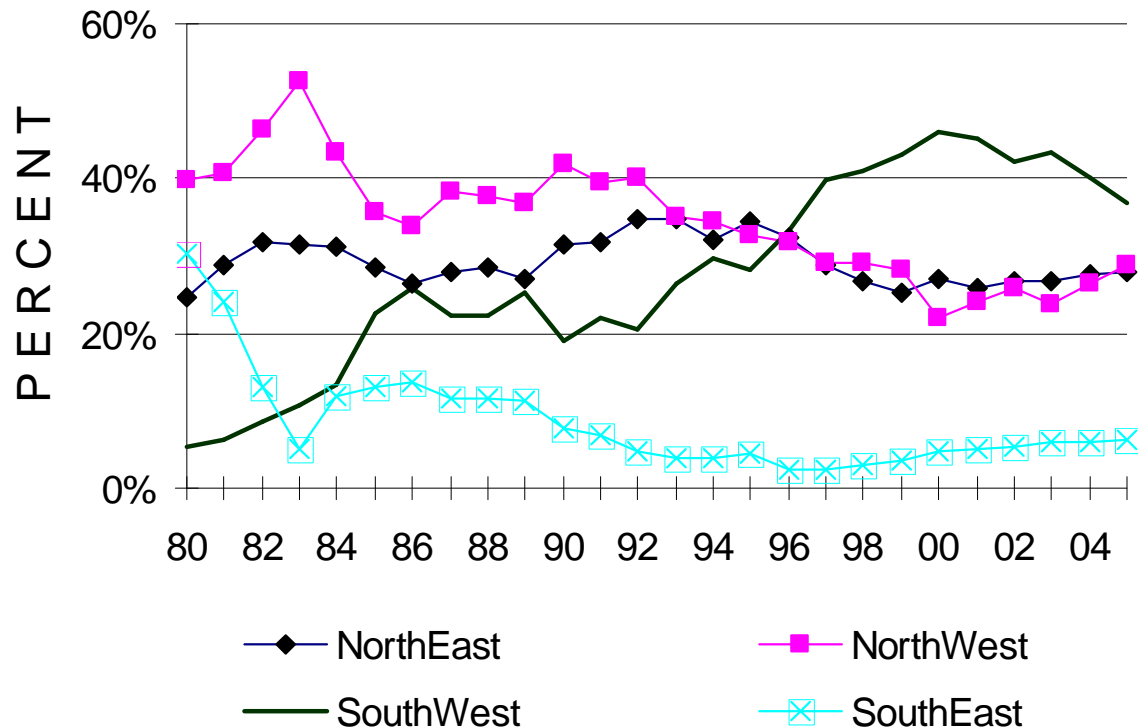
**Mineral production occurs through the state.
The majority of production value
has been from the Western half of the state.**

**MINERAL PRODUCTION IN 2005
PERCENT OF VALUE BY STATE QUADRANT**



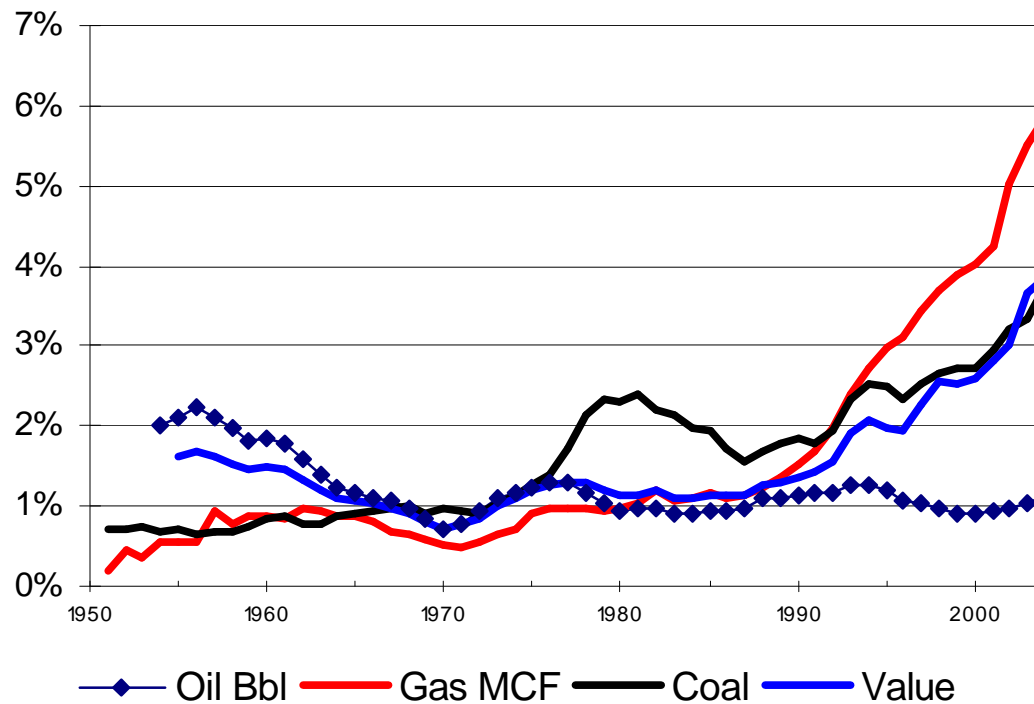
**Since the 1990's the NW has been declining in production value
from long term oil and gas fields
while the SW has been increasing with new coal bed methane production.
This trend may now be reversing.**

MINERAL FUELS PRODUCTION VALUE By State Quadrant



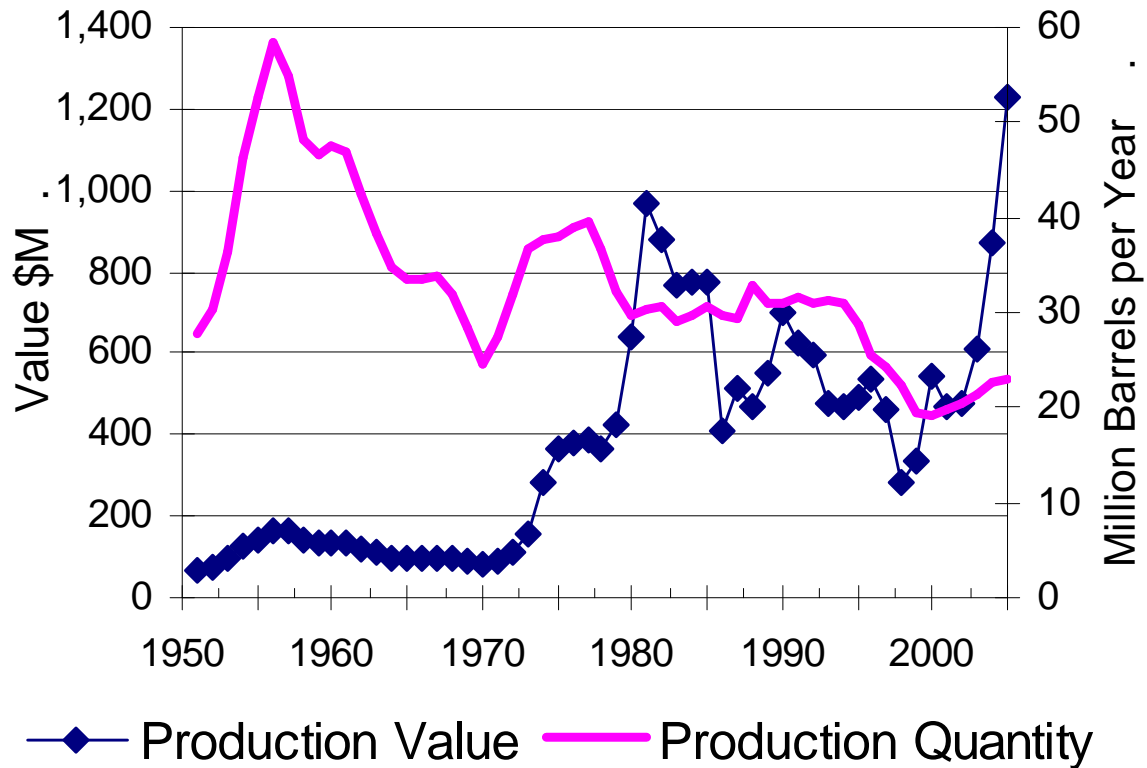
Colorado mineral production is an increasing share of total national mineral production.

COLORADO Mineral Production as a Percent of National



Oil production quantity has declined over the years. Value cycles with the world price.

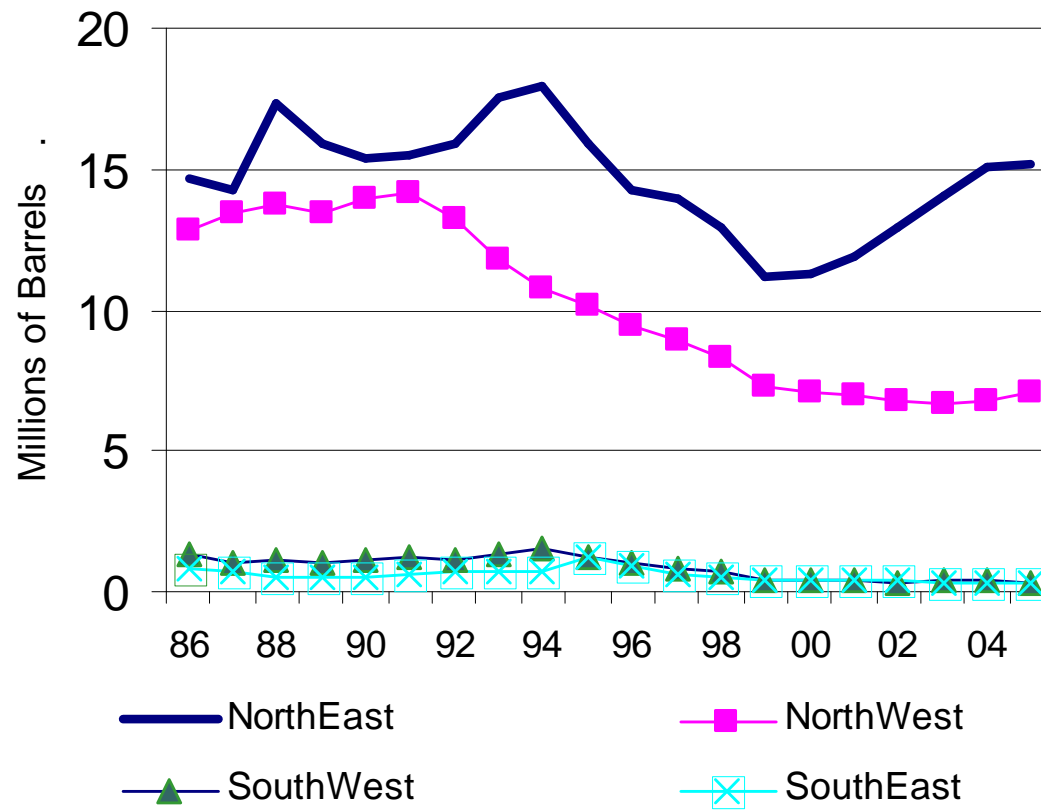
OIL PRODUCTION IN COLORADO



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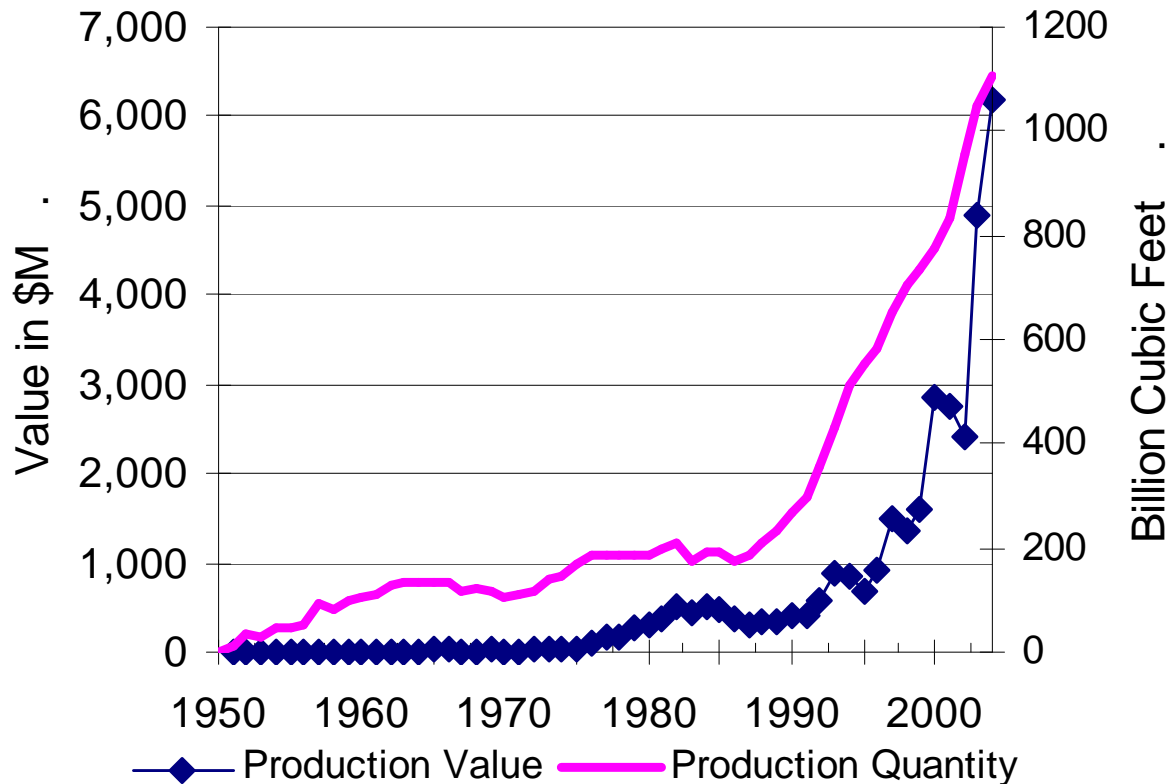
Most oil production is in the NW and NE quads.

OIL PRODUCTION by Region



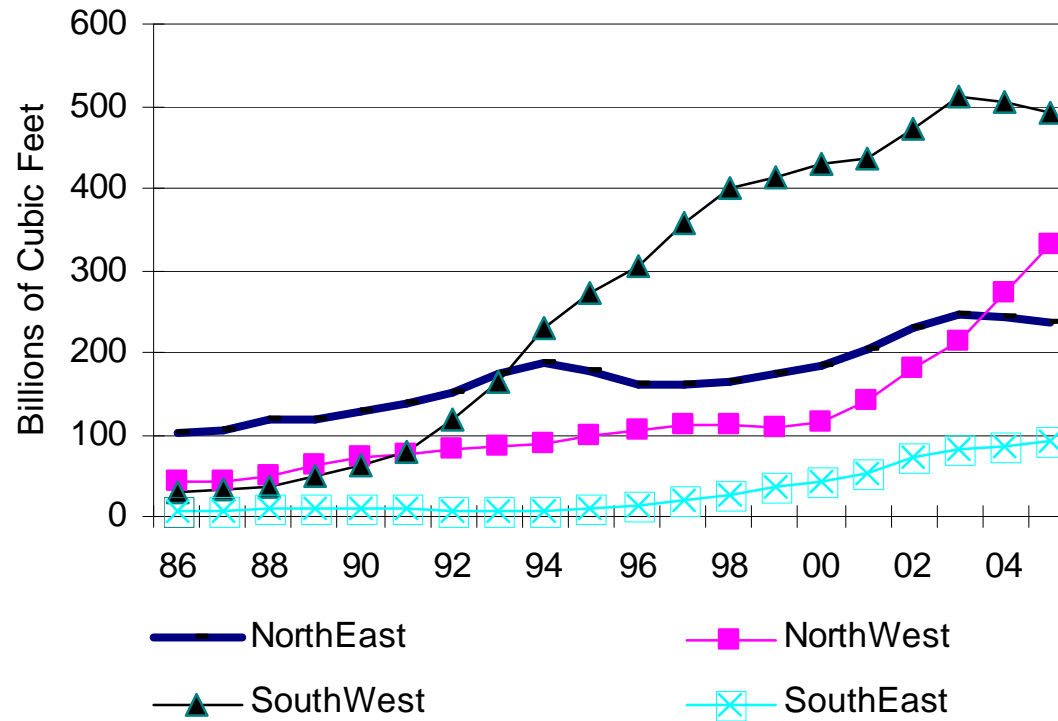
Natural Gas production quantity has grown dramatically for 15 years. Value cycles with the market price.

GAS PRODUCTION IN COLORADO



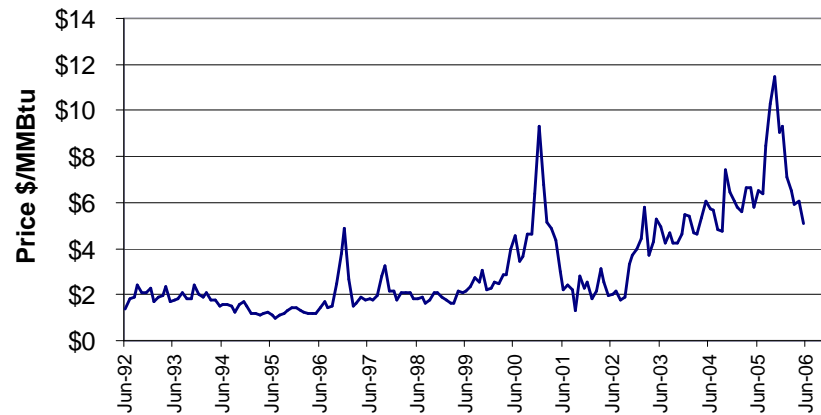
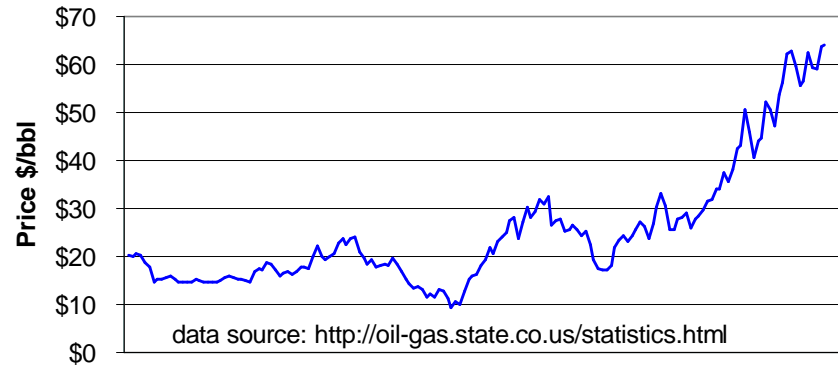
Gas production is dominated by the booming SW quad

GAS PRODUCTION by Region



Oil and Gas prices have swung widely over the last ten years with national market cycles.

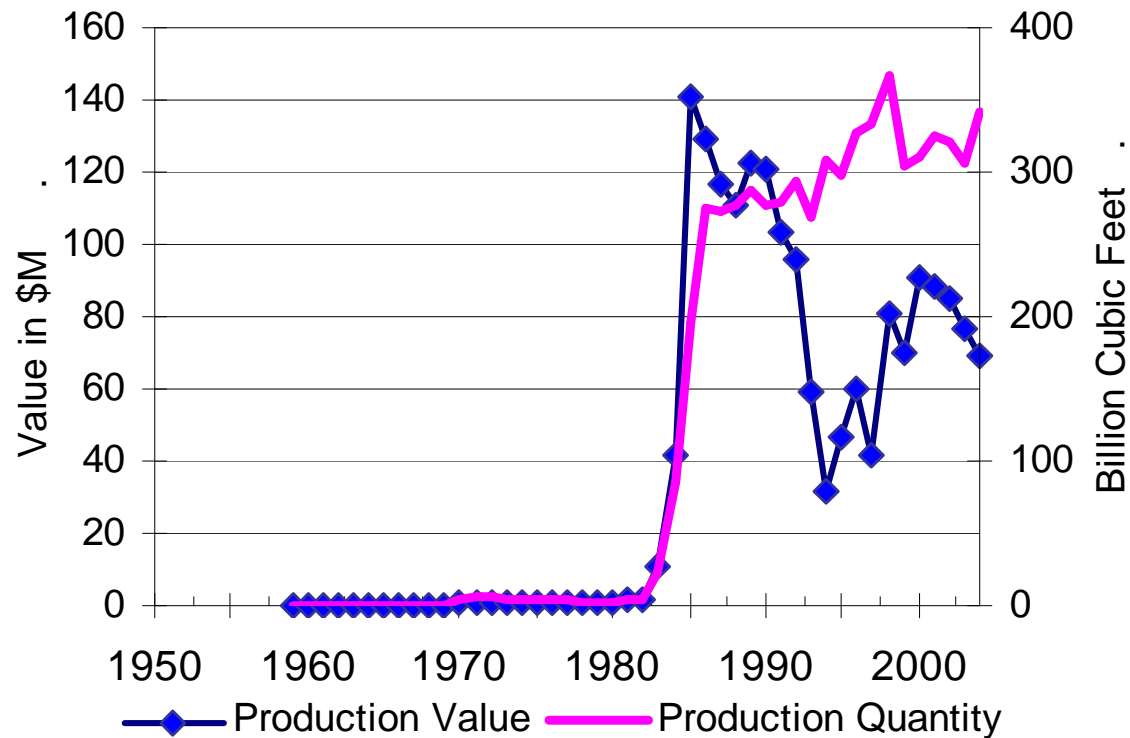
Monthly Colorado Oil Prices



Monthly Colorado Natural Gas Prices

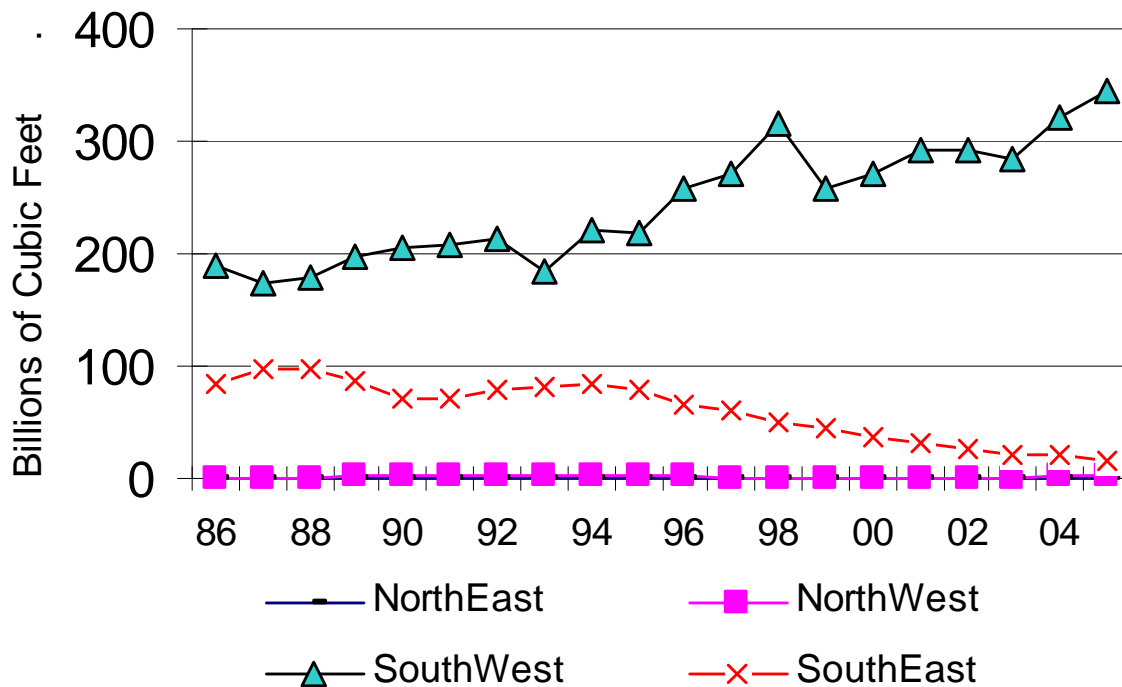
**Carbon Dioxide production quantity has been stable for 10 years.
Value cycles with the market price.**

CO2 GAS PRODUCTION IN COLORADO



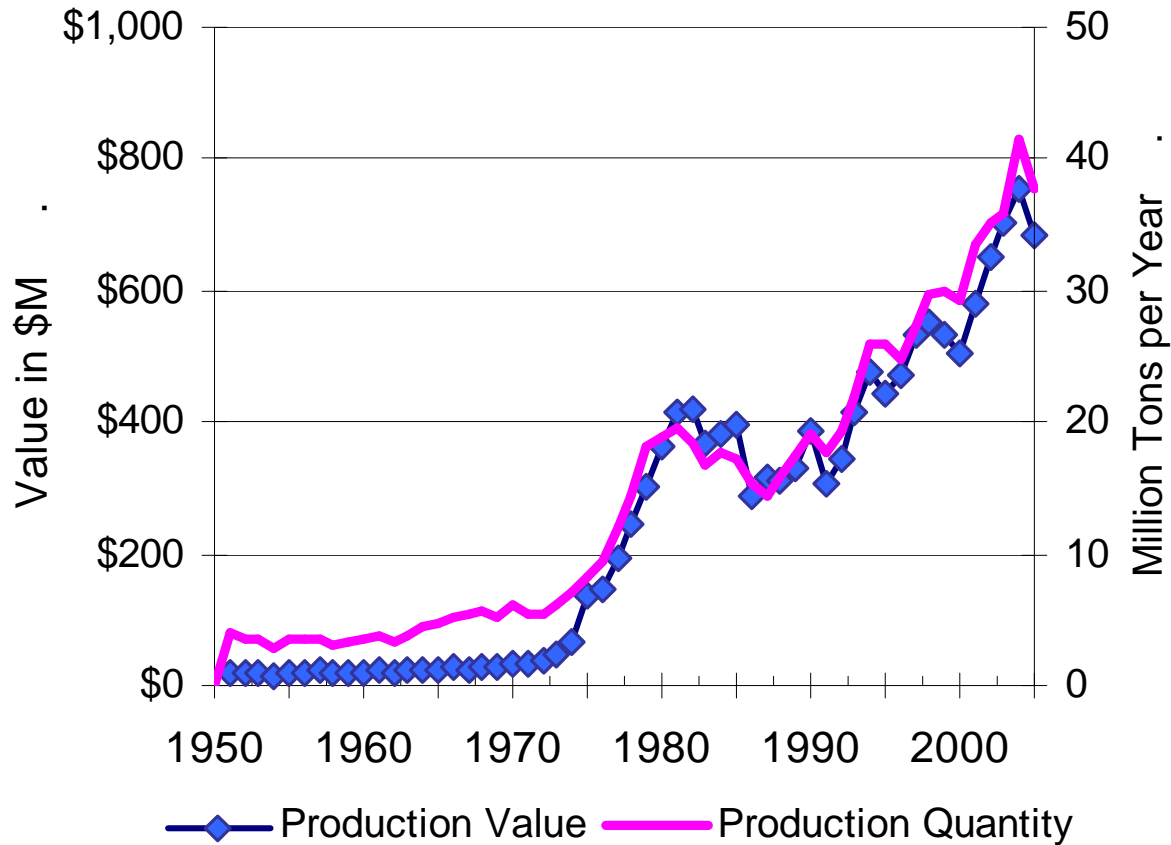
**Almost all CO₂ production is concentrated
in two fields in Montezuma and Huerfano Counties**

CO2 GAS PRODUCTION

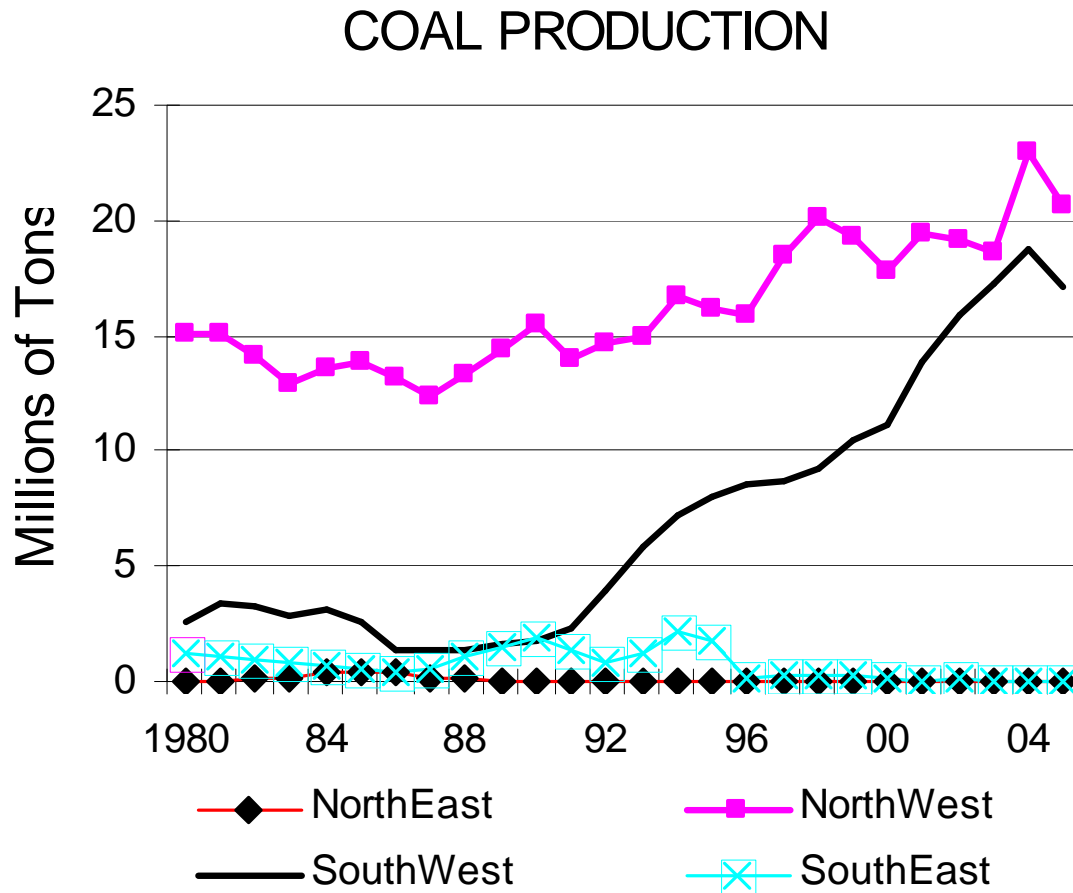


Coal production quantity has grown for 15 years. Value cycles with the market price.

COAL PRODUCTION IN COLORADO

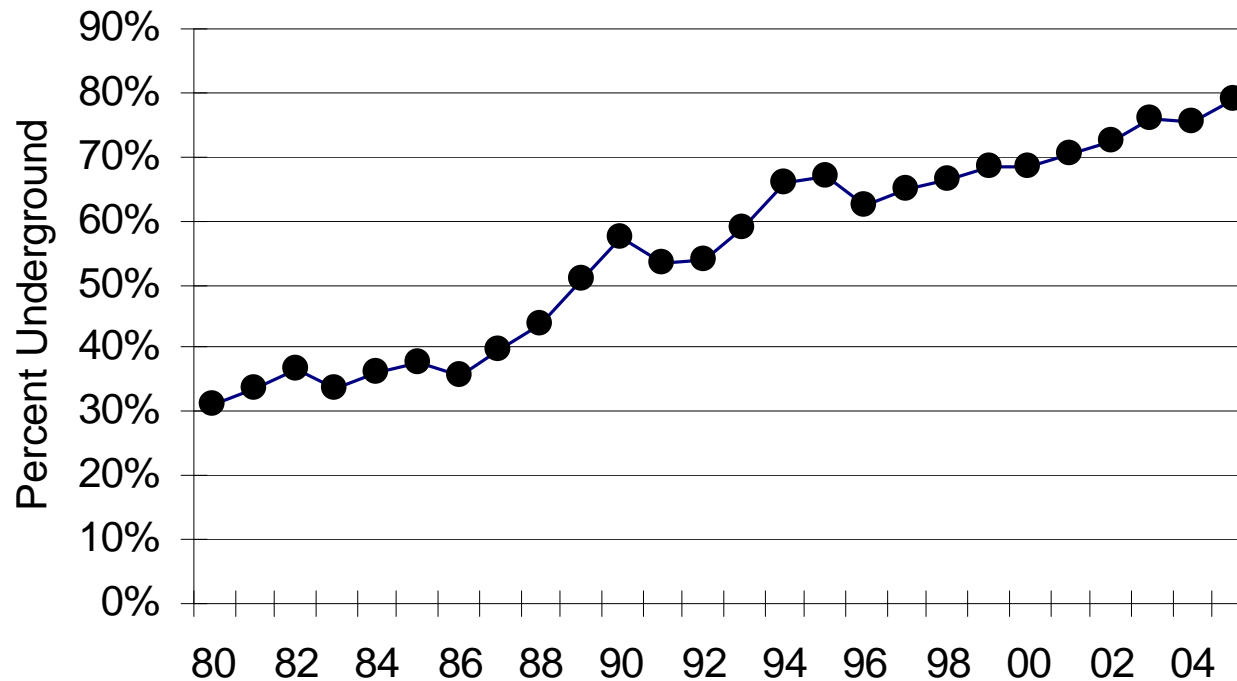


**Coal production is dominated by mines
in Routt, Moffat, Delta and Gunnison Counties**



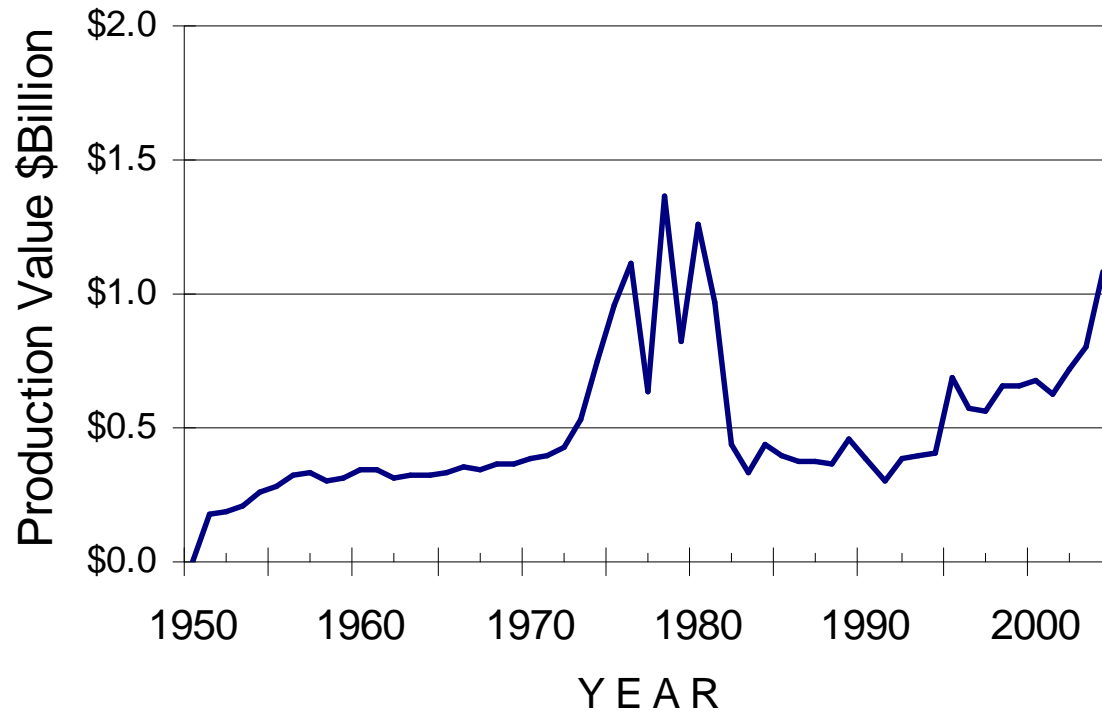
Underground “long wall” has become the prevailing coal production method

State Coal Production from Underground Mines



**Metal mining production in Colorado has come and gone, and come again.
Molybdenum, silver, gold, zinc and sodium have had their turn.**

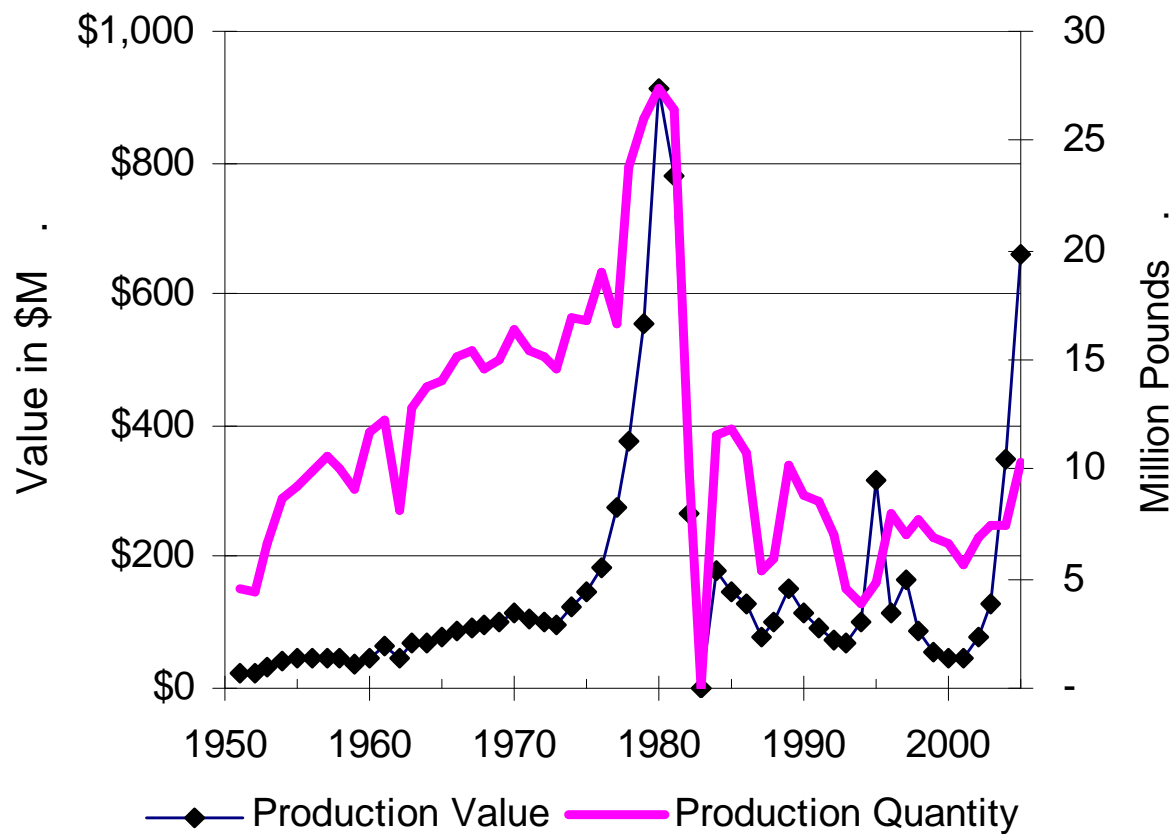
Non Fuel Minerals Production in Colorado



Slide 17

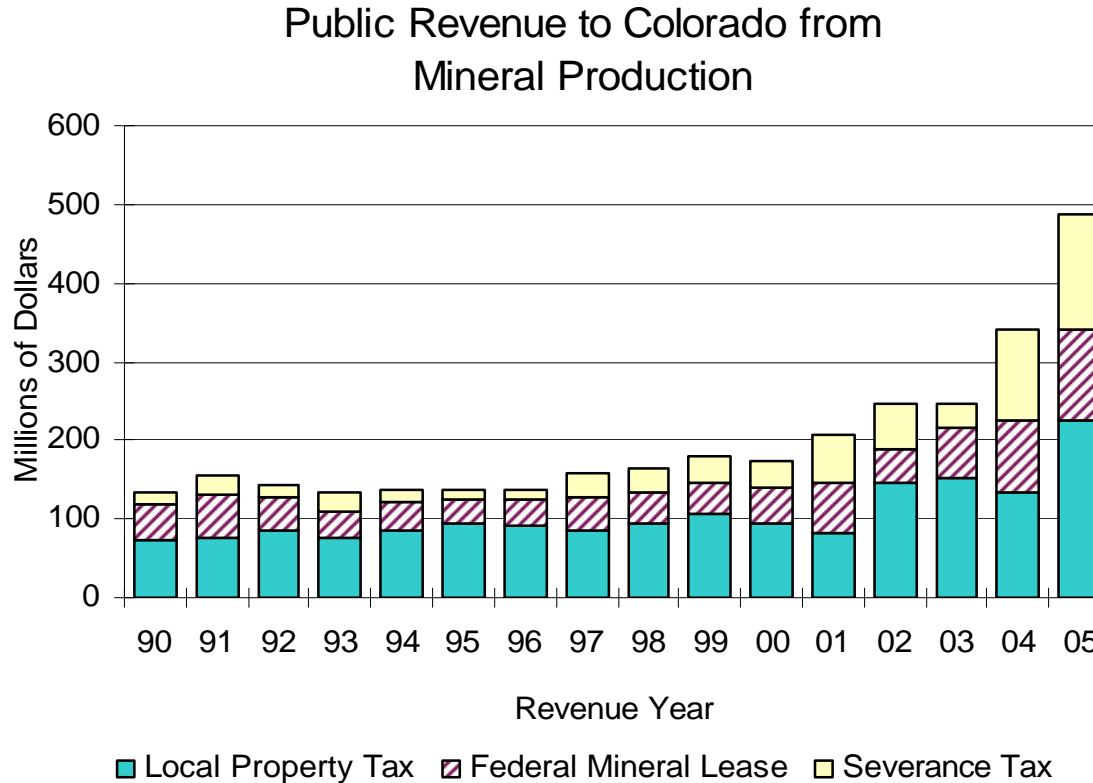
Of the metals, Molybdenum has had a long history of production in Colorado

MOLY Production in Colorado

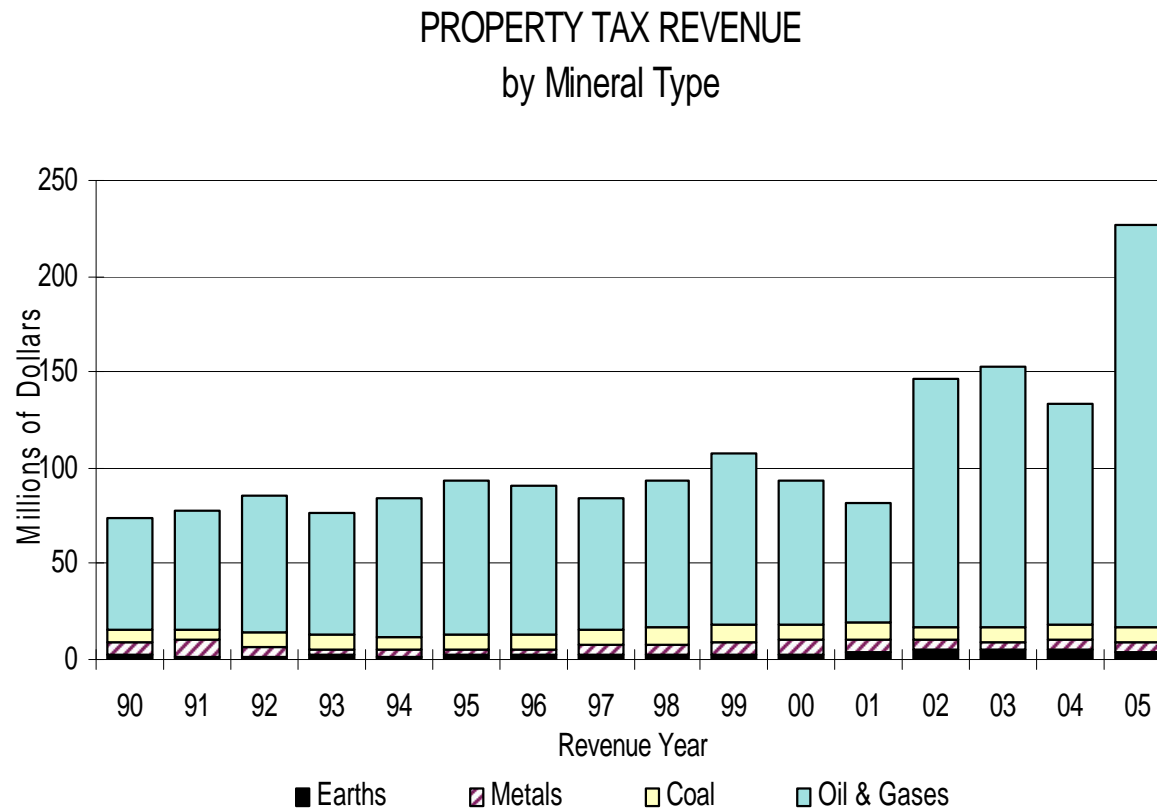


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**Property tax revenue to local governments from mineral production
usually exceeds the amount collected by the state
from severance and federal mineral lease**

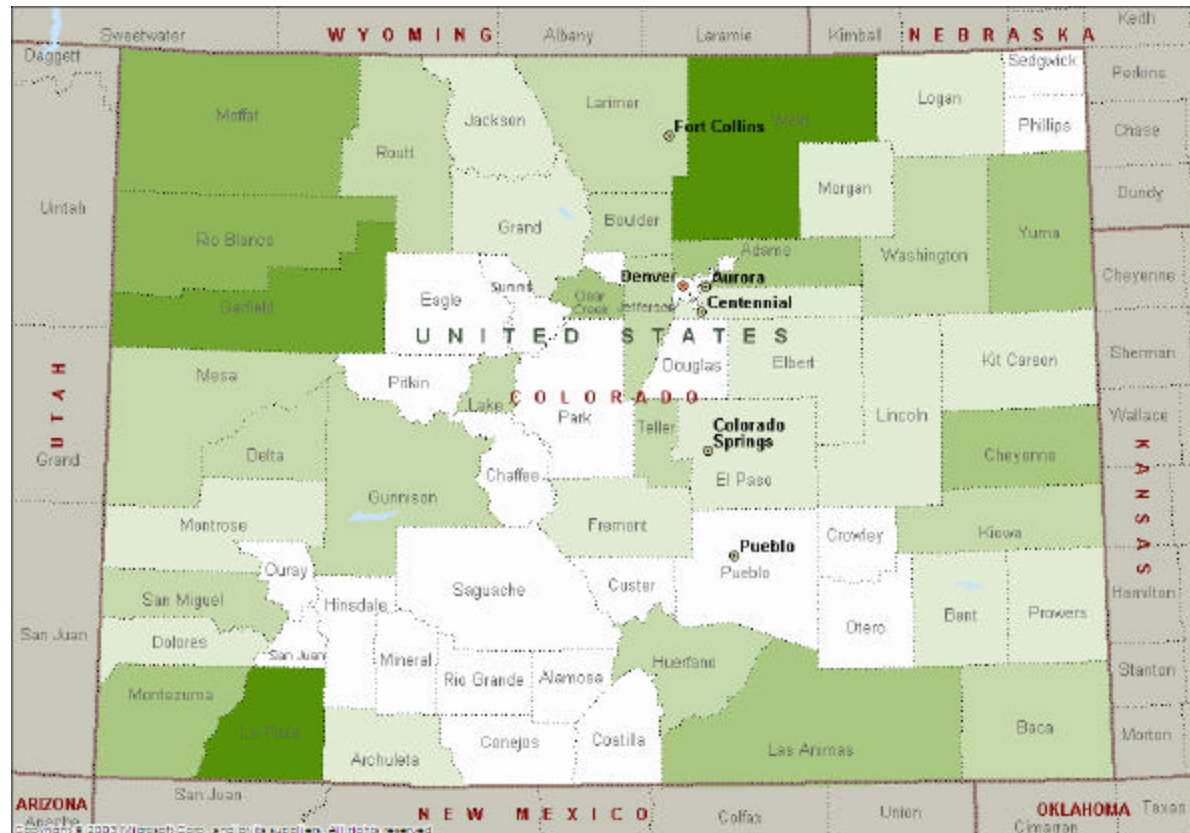
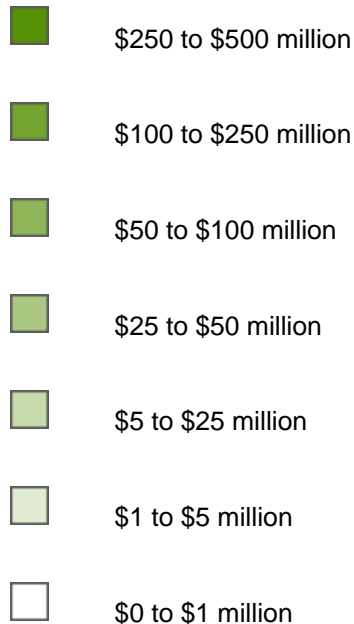


Most mineral based property tax is from oil and gas.

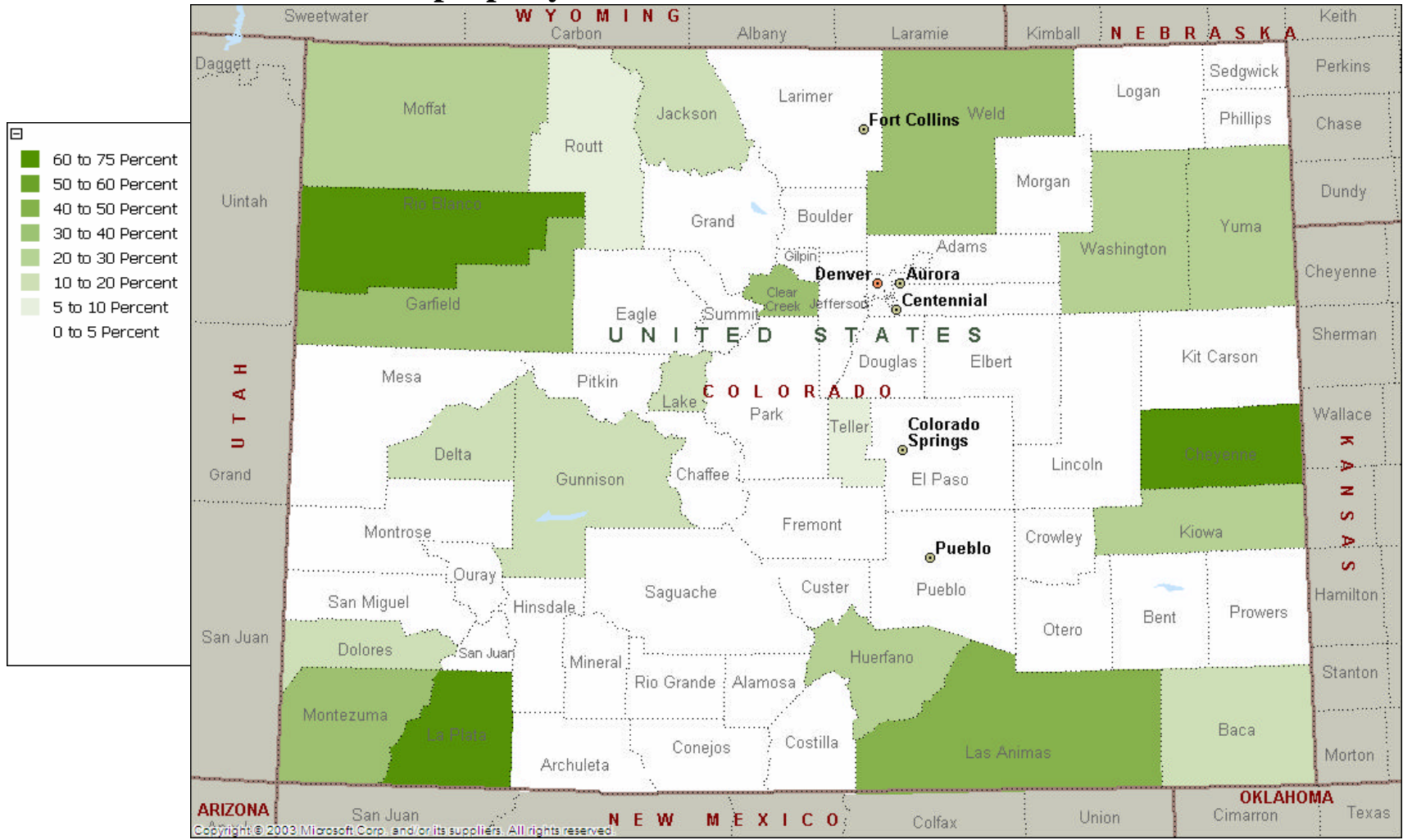


**Mineral based property tax revenue is received
by local governments in the counties where production
occurs, enhanced sometimes by higher urban mill rates**

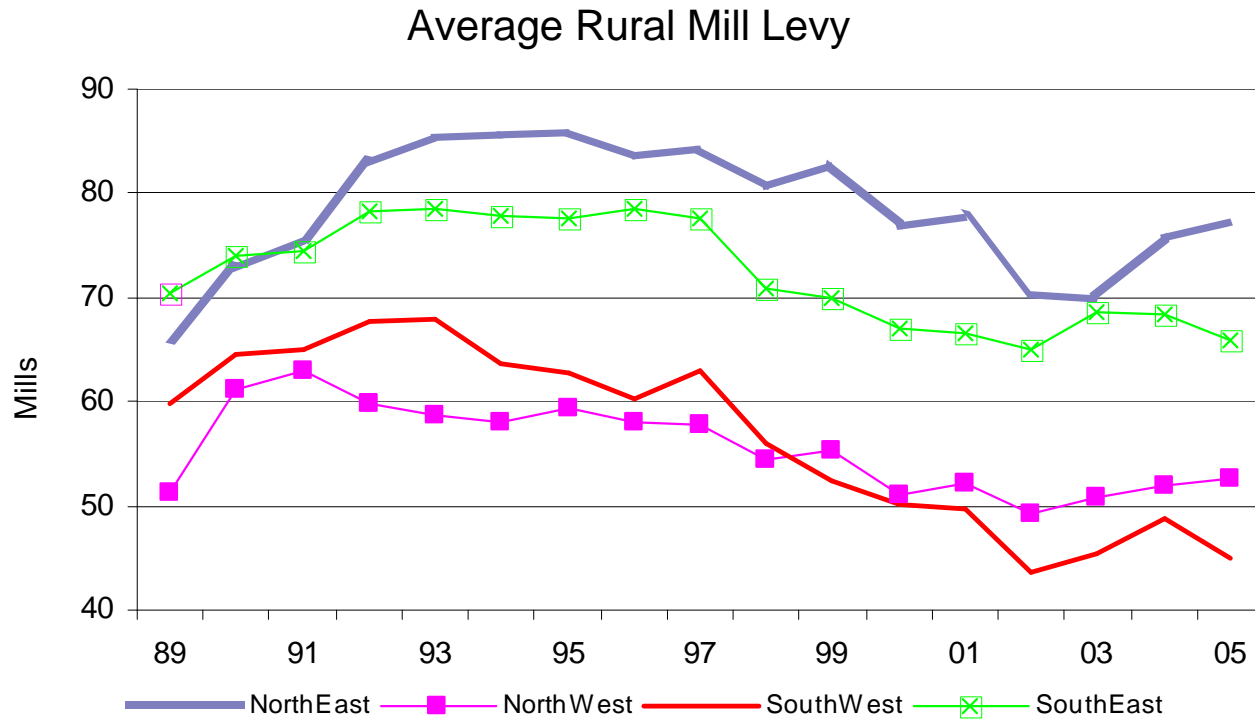
1995-2004 Data



Mineral based property tax revenue is a significant share of total property taxes in a number of counties.

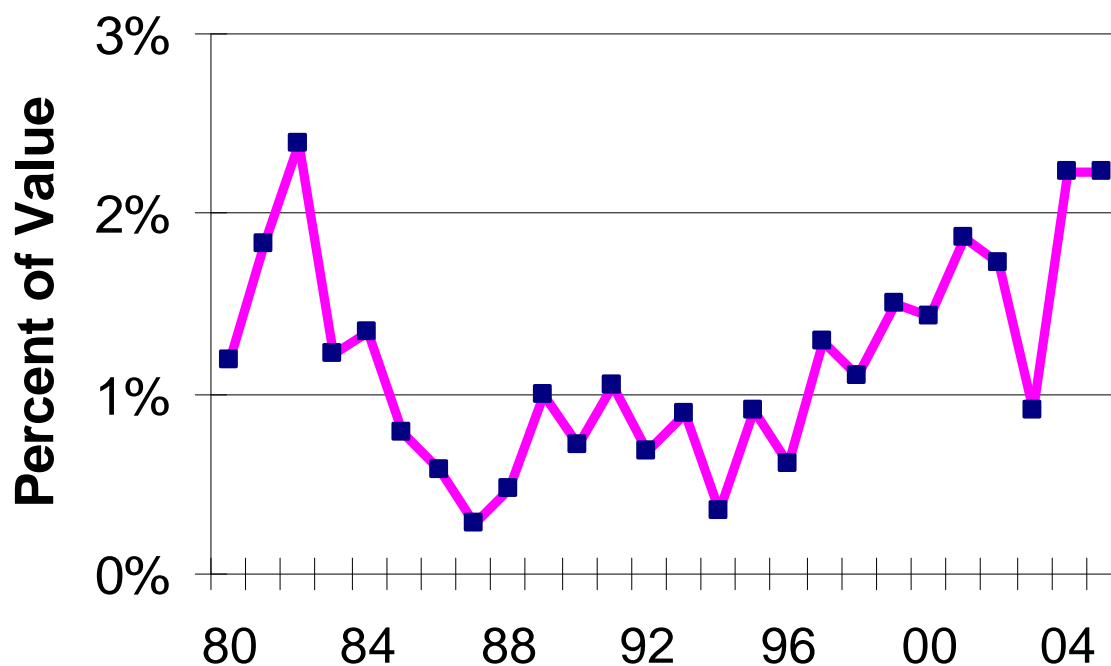


The Eastern Slope has the higher property tax mill levy rates



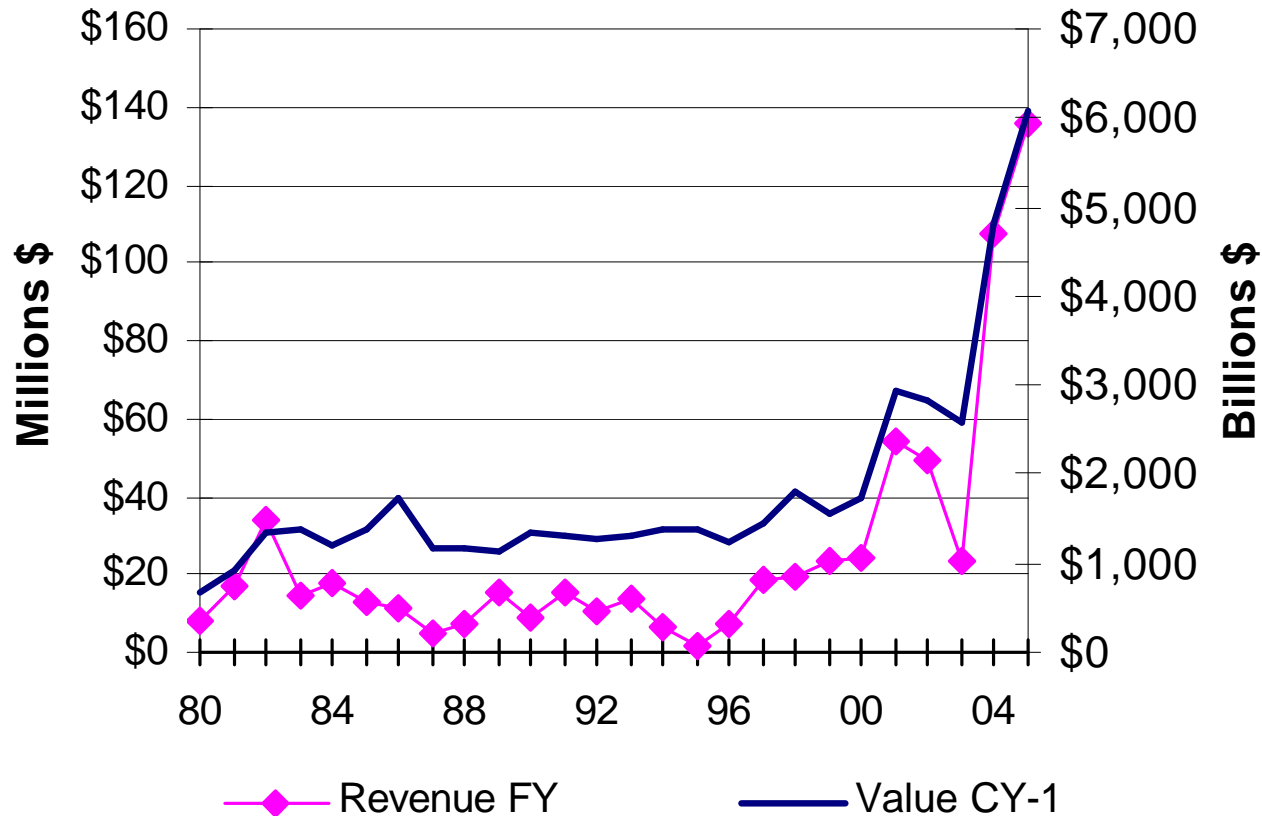
**The oil and gas severance tax rate is based on value of production.
Net of deductions, the effective rate zigzags widely around a long run 1% average.**

Net Effective Severance Tax Rate on Oil & Gas (Sev Rev / Total Value)



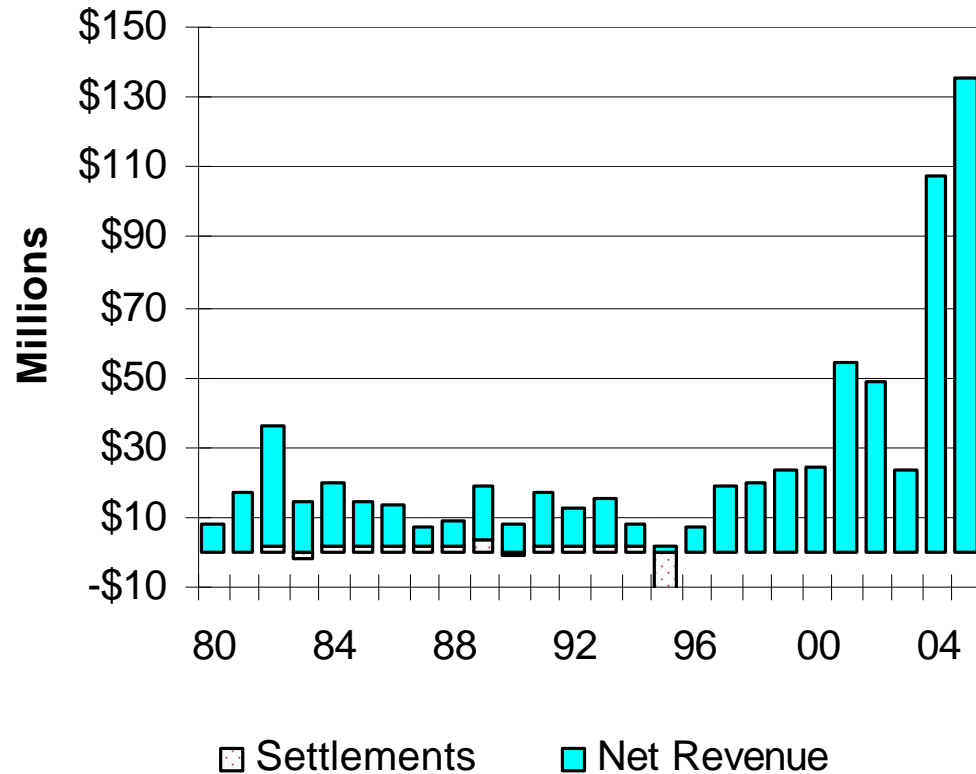
**Severance tax revenue to the state from oil and gas
has grown recently...**

Severance Tax Revenue From Oil & Gas

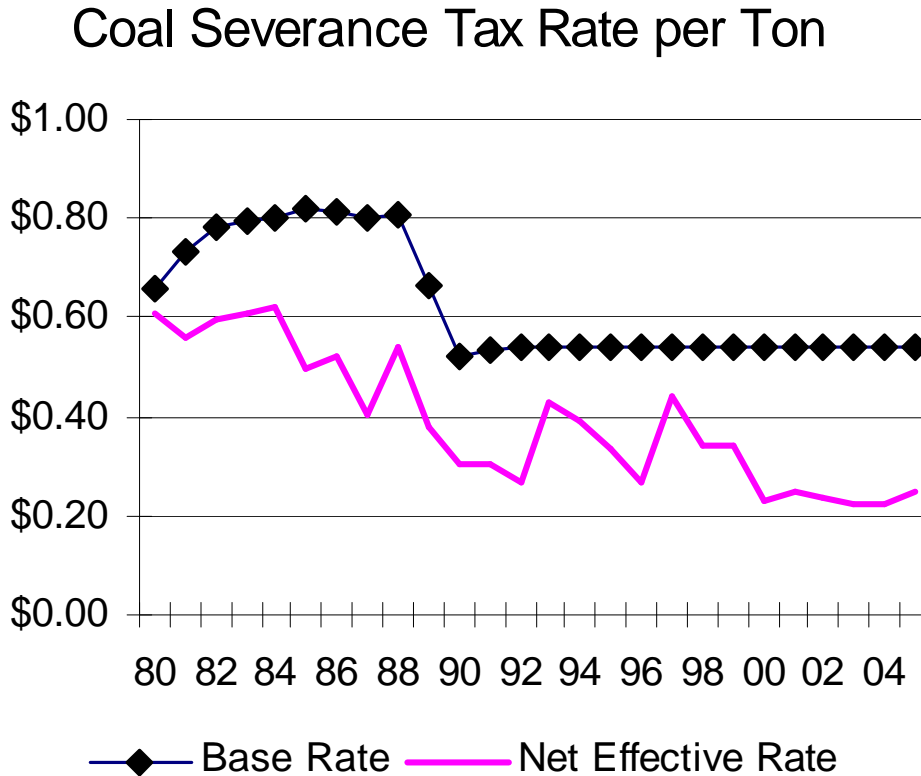


... with some wide variation year-to-year.

Severance Tax Revenue From Oil & Gas

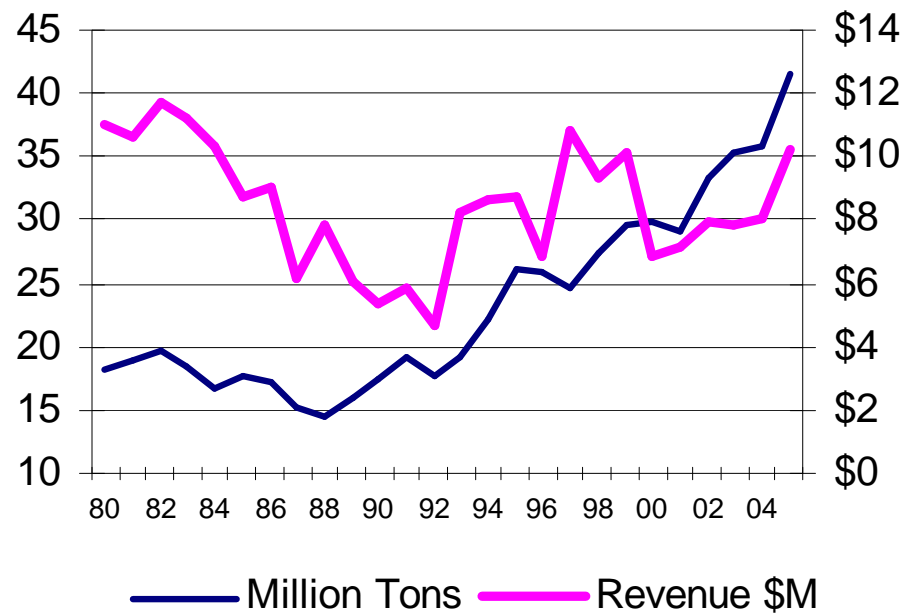


**The coal severance tax is based on tonnage, with 1.2 million tons exempt
and a 50% rate cut for underground production.
The tax rate was cut by a third in 1988 and is now frozen by TABOR**

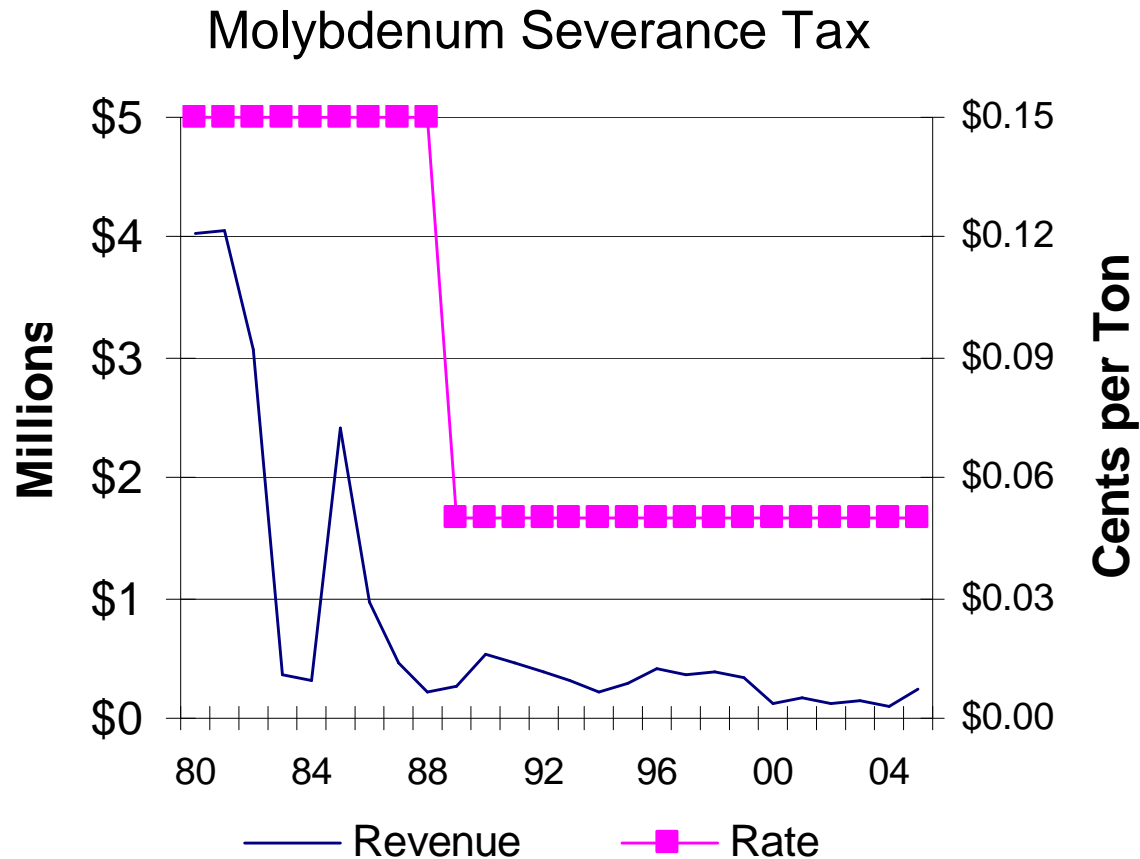


Coal has been a steady severance tax revenue source.

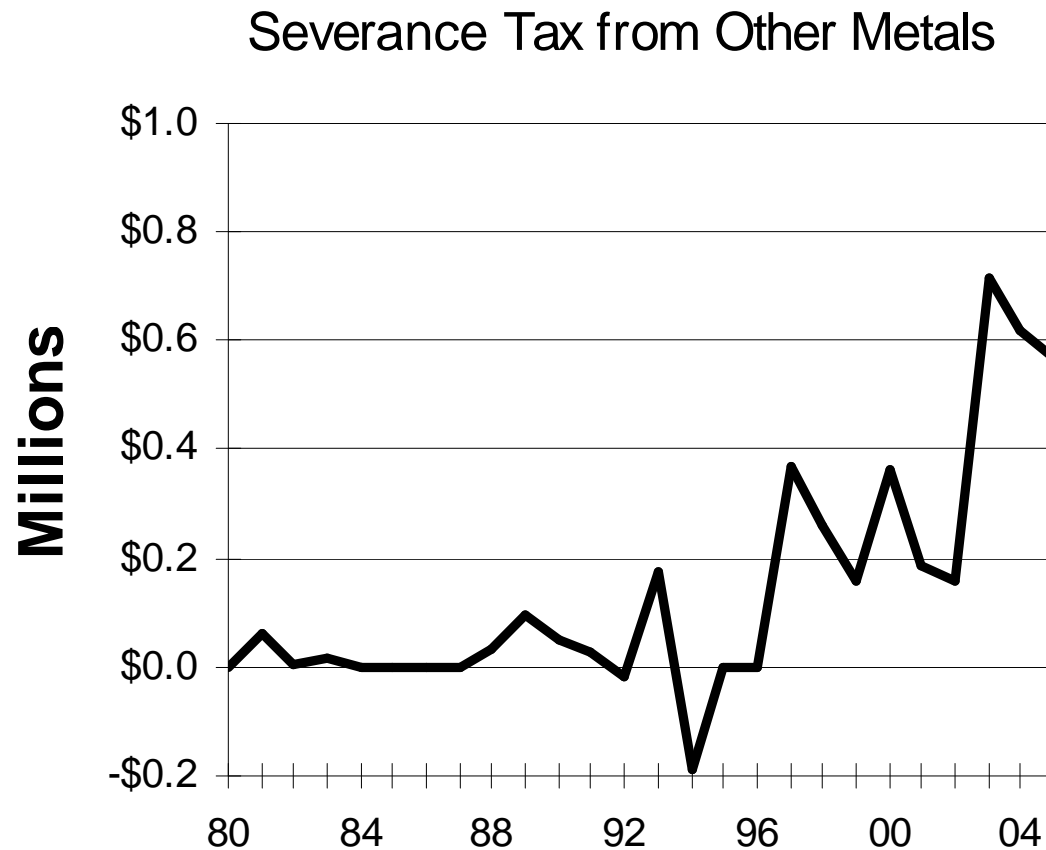
TOTAL SEVERANCE TAX REVENUE From Coal



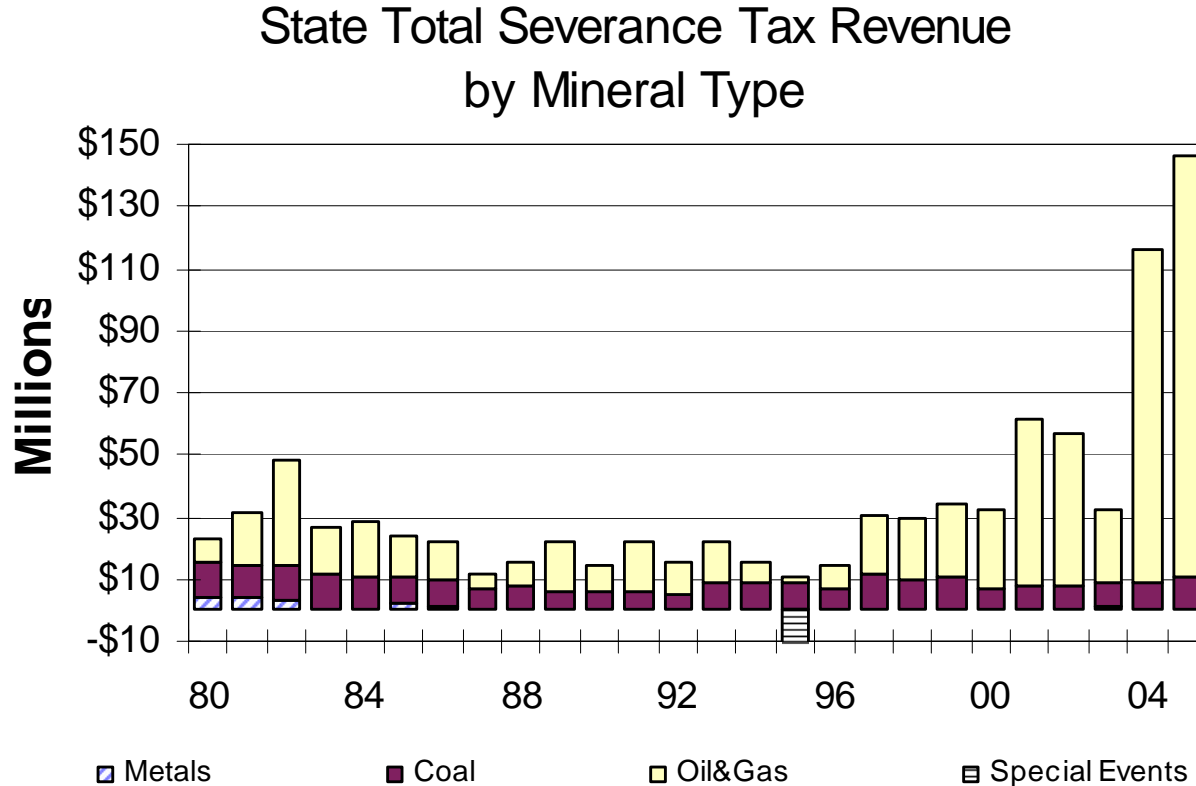
Molybdenum severance tax is on a cent per ton basis with 2.5 million tons exempt. The rate was cut by 2/3 in 1987 and production in the state has been declining.



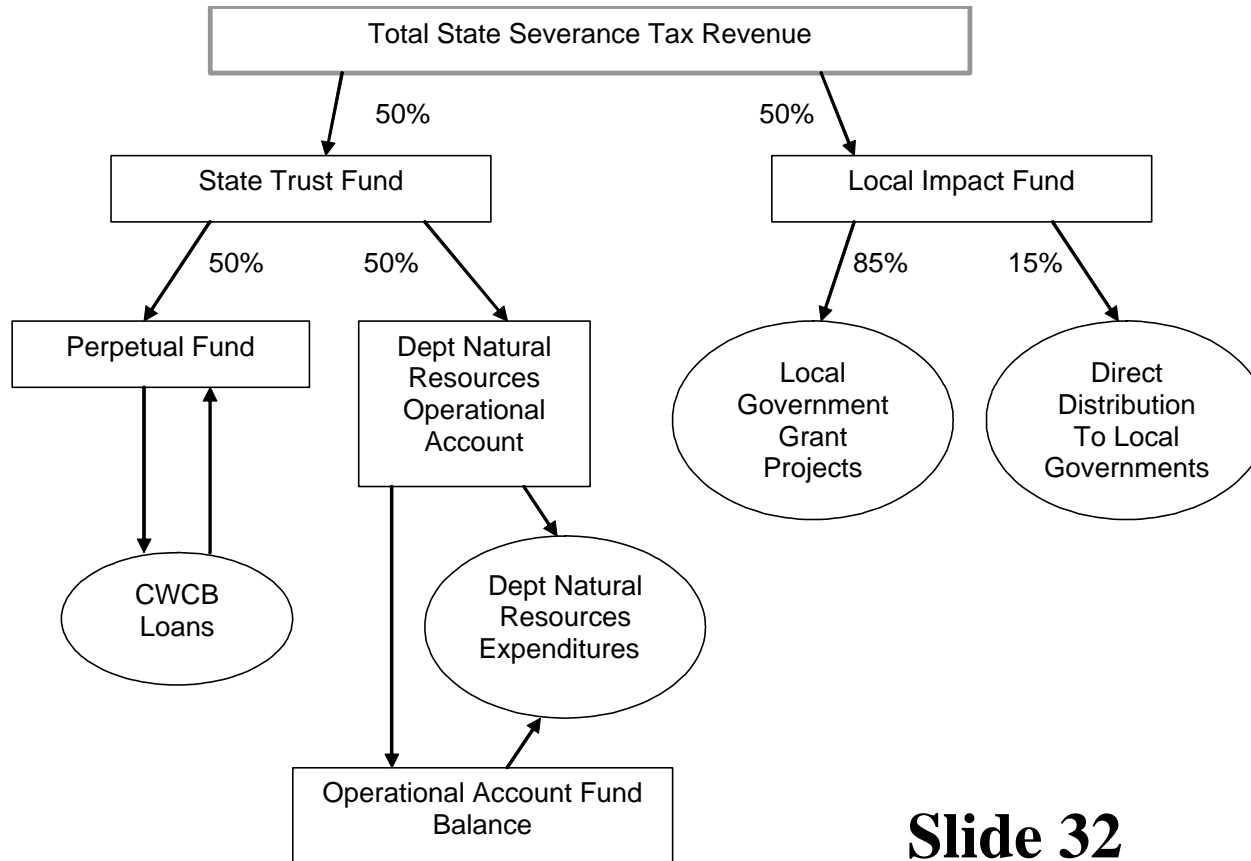
Other metals have not paid significant severance tax until recently.



Total severance tax revenue to the state has swung widely, due primarily to variation in the price and tax rate on oil and gas and large tax refunds.

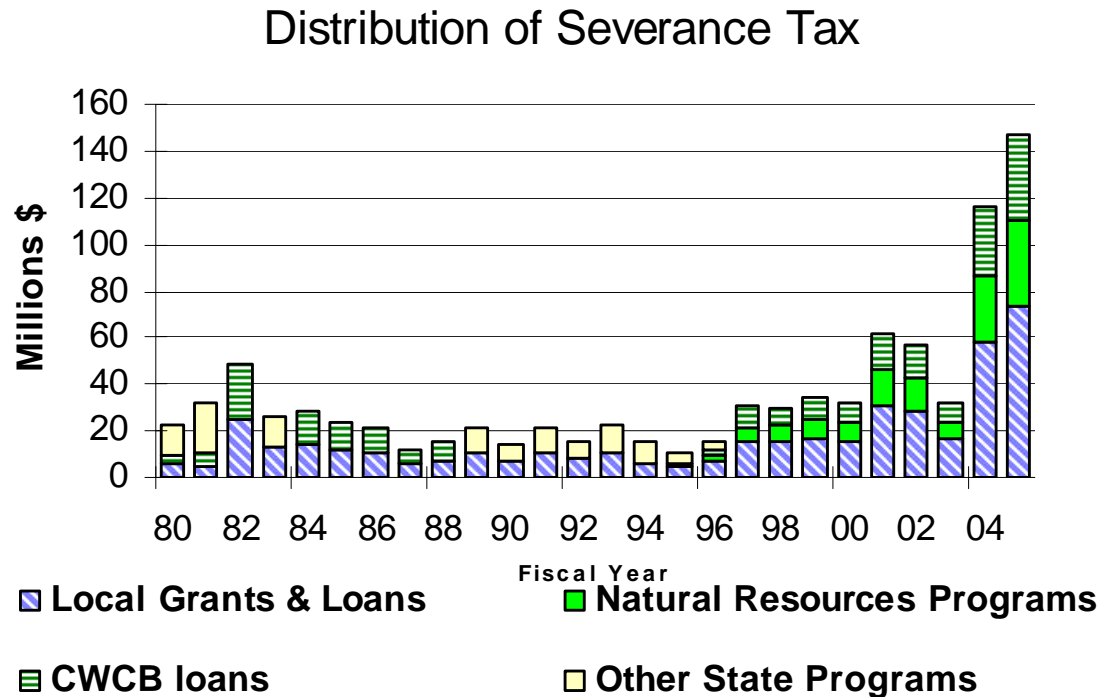


Half of severance revenue has gone to local governments via the Energy and Mineral Impact program. The other half now goes to programs in the Department of Natural Resources



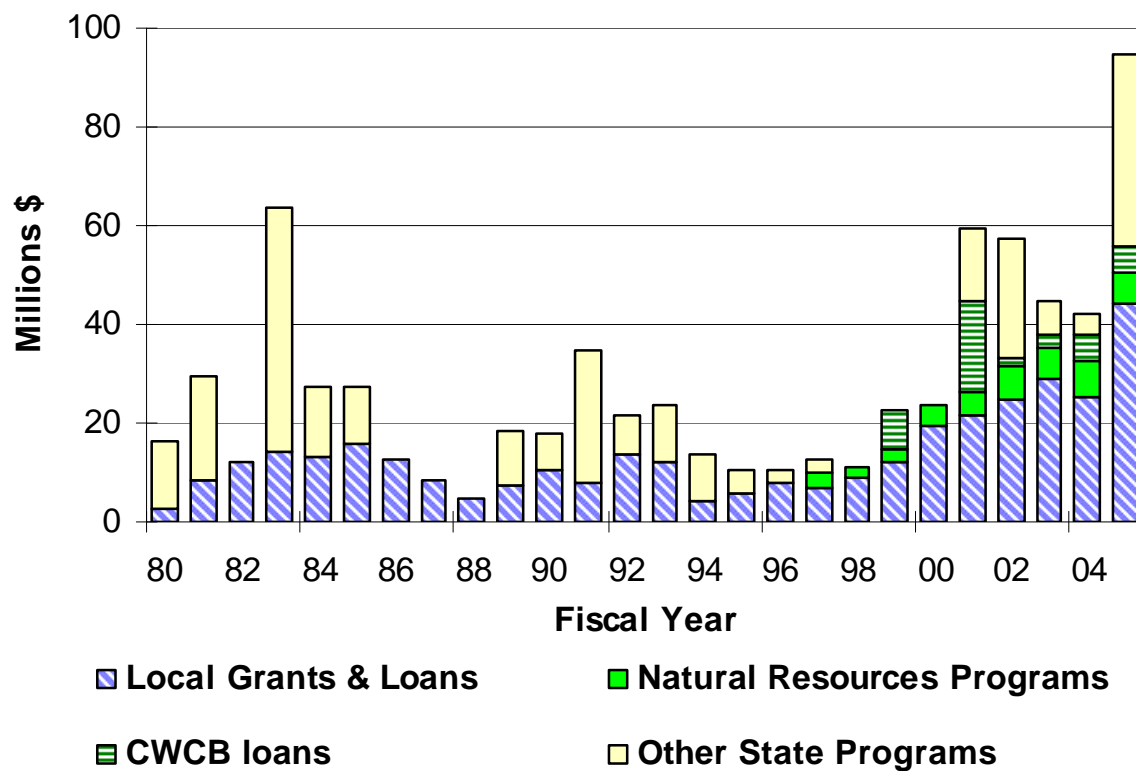
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Half of severance revenue has gone to local governments via the Energy and Mineral Impact program. The other half now goes to programs in the Department of Natural Resources

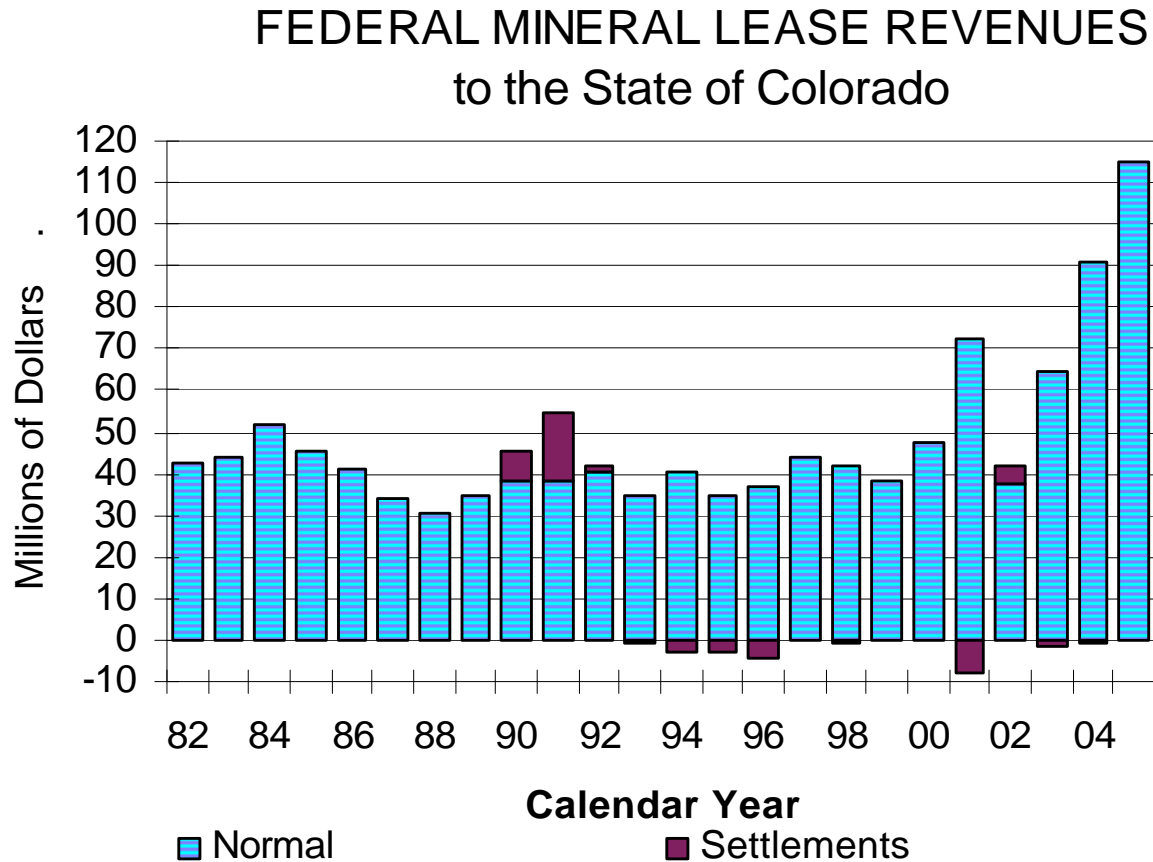


Over the years the various severance fund balances have accumulated and been expended in response to state and local budget needs.

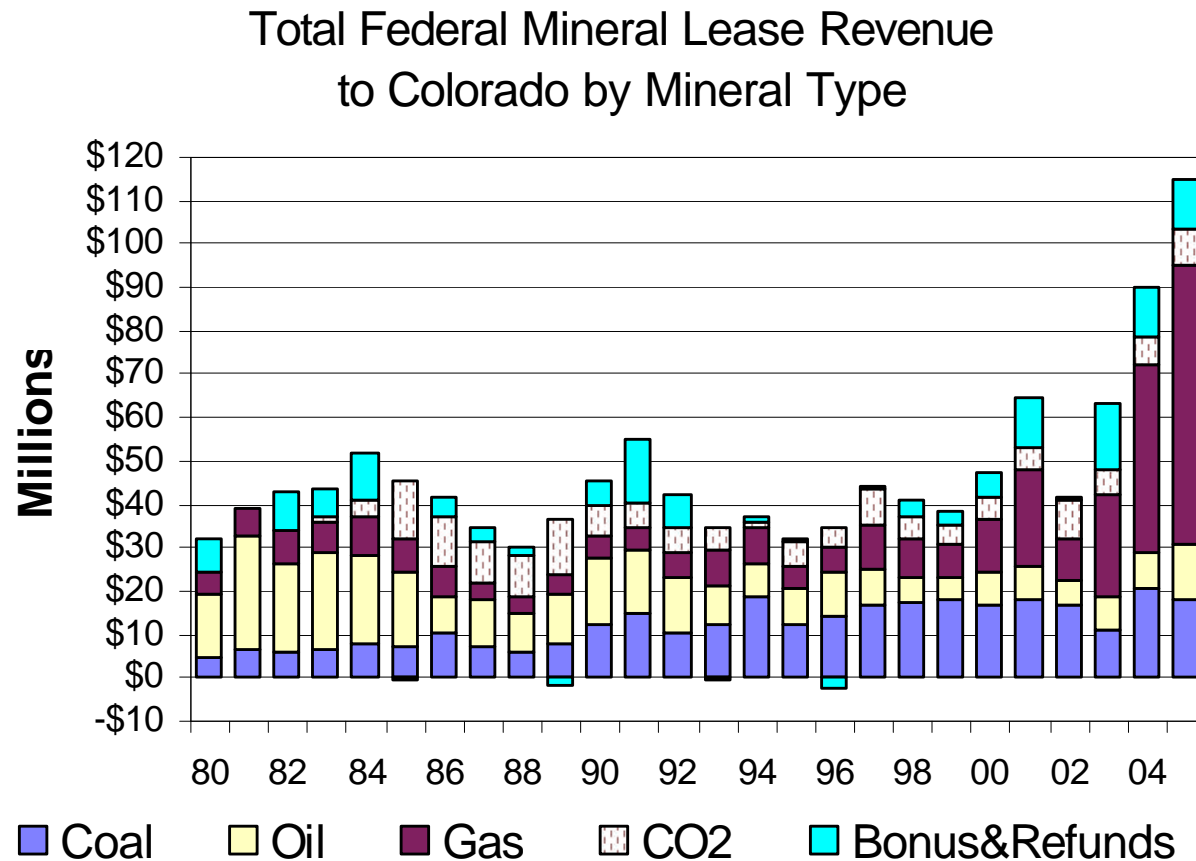
Spending from Severance Tax



Federal mineral lease revenues to the state experienced a large boost in 1991 and 1992 due to settlement of long standing payment disputes and declines in 1995 due to refunds. Otherwise, they cycle with market prices.

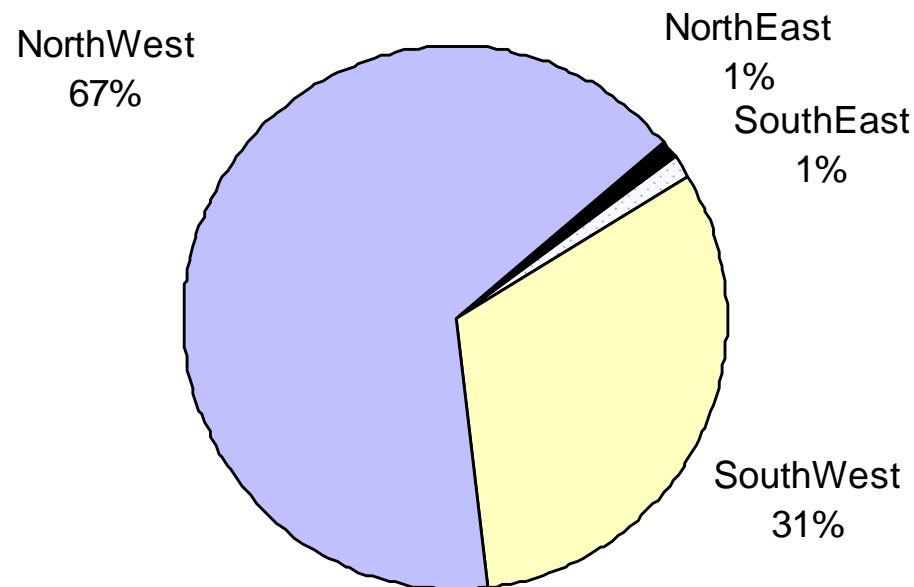


Most of the federal mineral lease revenues come from the mineral fuels.

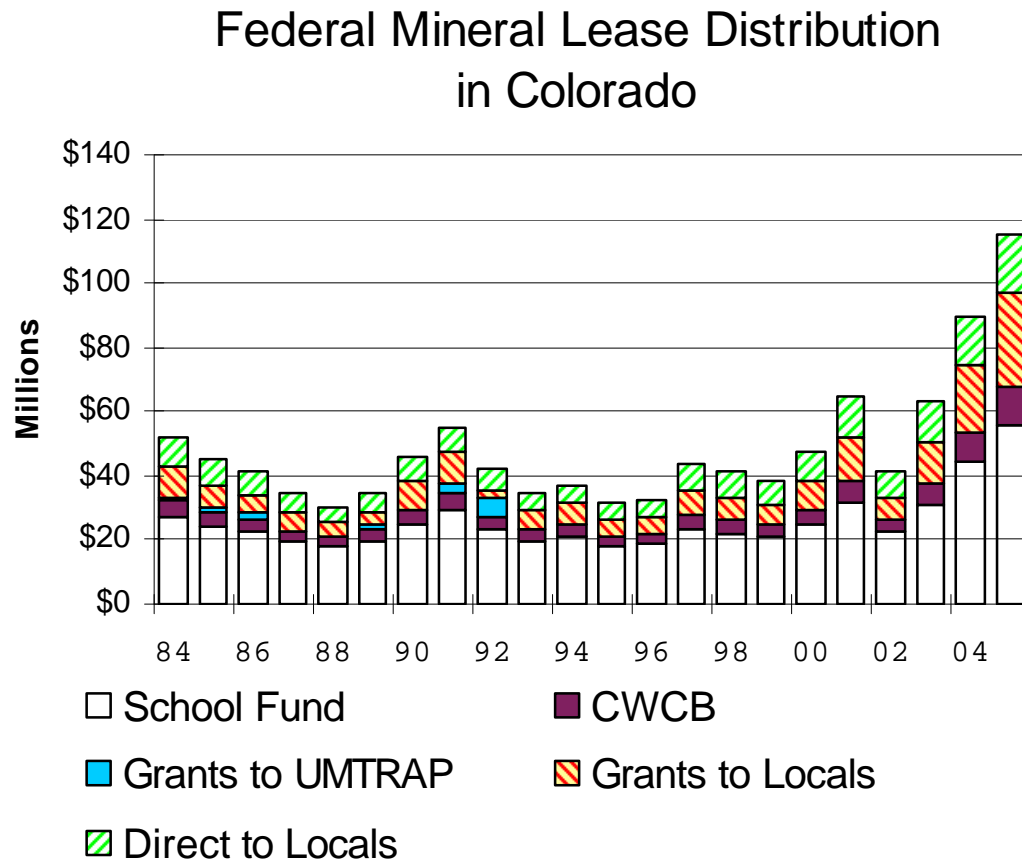


Federal mineral lease revenues to the state come from federal lands which are predominately in the western half of the state.

Percent of State Share of Mineral Lease
Revenue by State Quadrant - 2005



The majority of federal mineral lease revenues to the state is distributed to the state school fund.



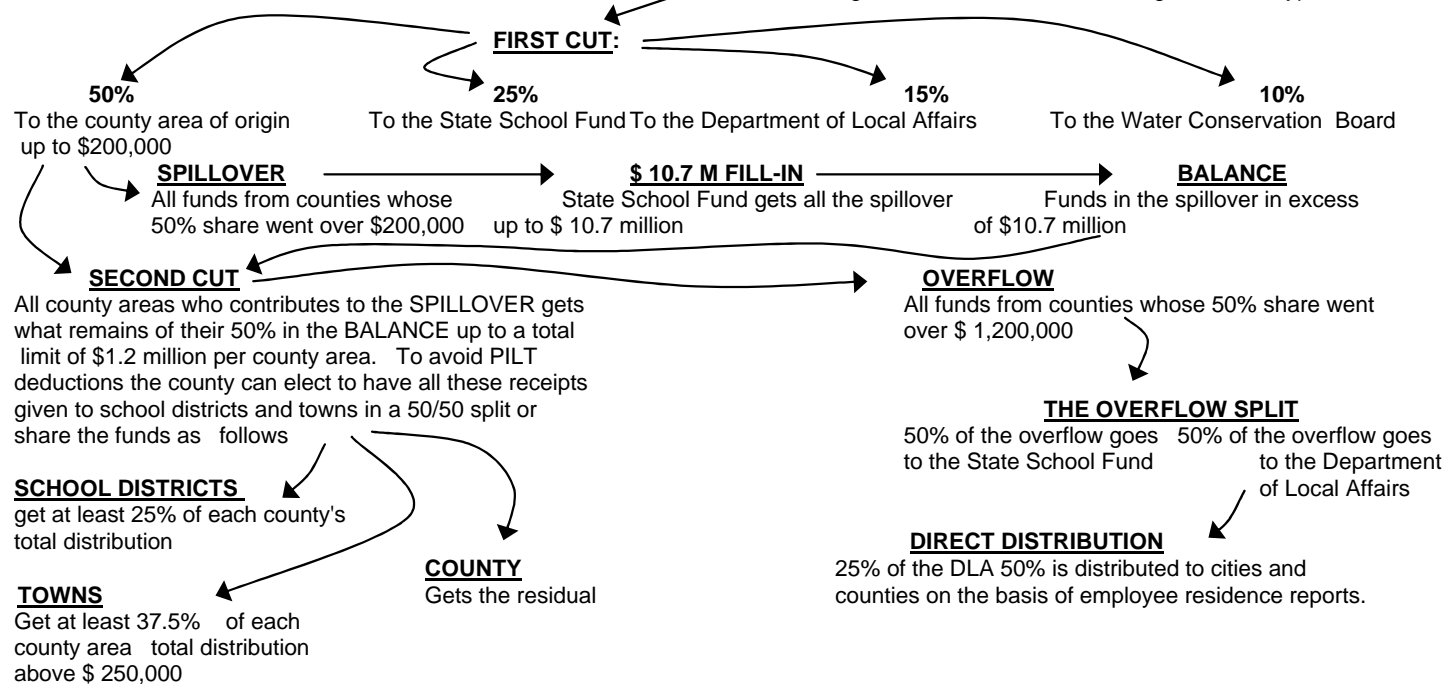
Federal mineral lease revenues to the state are distributed in a complex “cascade” formula set in state statute.

FEDERAL MINERAL LEASING ACT

- Net of administrative charges, returns 50% of rentals and royalties from federal lands in the state of origin.
- Directs that such funds be used by the states for planning, maintenance of public facilities and services in areas of the state Socially and economically impacted by mineral development.

COLORADO MINERAL LEASING FUND

- Colorado statute (CRS 34-63-102) directs that in the distribution of these funds priority shall be given to school districts and political sub - divisions socially or economically impacted by the development or construction and processing of the federal minerals.
- Distributes the amounts originating in each county as reported by the Federal government under the following "cascade" type of formula:



The cascade method of distribution of federal mineral lease revenue puts more of the year-to-year variation in the larger state funds

Calendar Year	2001	2002	2003	2004	2005
Total Colorado Receipts	\$64,584,338	\$41,568,853	\$63,071,667	\$89,860,209	\$114,791,688
from Oil and Gas	\$29,046,563	\$15,074,411	\$29,805,841	\$46,106,713	\$68,203,036
from Coal	\$17,770,850	\$16,459,014	\$11,038,680	\$20,642,753	\$18,222,512
from Other Production	\$6,195,797	\$2,743,600	\$7,772,371	\$8,178,139	\$10,463,931
from non Production Rents and Bonus	\$11,570,557	\$7,520,819	\$14,224,297	\$14,932,553	\$17,902,294
Distribution of Colorado Receipts	\$64,584,338	\$41,568,853	\$63,071,667	\$89,860,209	\$114,791,688
Counties	\$5,619,189	\$4,049,796	\$5,450,615	\$6,179,861	\$7,628,318
School Districts	\$3,095,017	\$2,103,826	\$3,044,457	\$3,391,473	\$3,724,617
Towns	\$4,071,432	\$2,195,152	\$3,886,012	\$5,438,553	\$6,470,035
CWCB	\$6,458,434	\$4,156,885	\$6,307,167	\$8,986,021	\$11,479,169
State School Fund	\$31,878,061	\$22,214,867	\$31,167,501	\$44,085,957	\$55,896,755
DoLA Grant Program	\$13,461,633	\$7,077,318	\$12,985,438	\$21,669,710	\$29,592,878
Distribution of Colorado Receipts	2001	2002	2003	2004	2005
Counties	8.7%	9.7%	8.6%	6.9%	6.6%
School Districts	4.8%	5.1%	4.8%	3.8%	3.2%
Towns	6.3%	5.3%	6.2%	6.1%	5.6%
CWCB	10.0%	10.0%	10.0%	10.0%	10.0%
State School Fund	49.4%	53.4%	49.4%	49.1%	48.7%
DOLA Grants	20.8%	17.0%	20.6%	24.1%	25.8%

Further description of the Federal Mineral Lease distribution can be found at:

<http://www.dola.state.co.us/LGS/FA/EMIA/miner/FMLChartandMemo.pdf>